



Annual Report 2012-2013



This work is copyright. Apart from any use as permitted under the *Copyright Act 1958*, no part may be reproduced by any process without written permission from the Sydney Harbour Federation Trust.



Australian Government
Sydney Harbour Federation Trust

For more information about this report and all Sydney Harbour Federation Trust publications, contact:

Media & Communications Executive
Sydney Harbour Federation Trust
PO Box 607
Mosman NSW 2088

Telephone: 02 8969 2100
Email: info@harbourtrust.gov.au

For information about the Sydney Harbour Federation Trust, or to view this report online, visit the website at www.harbourtrust.gov.au

Cover Shot: Aerial view of Sydney Harbour with the Platypus site, Neutral Bay in the foreground. Credit: Thies Services Pty Ltd
Inside front cover: Water treatment Credit: Sarah Nguyen
Inside back cover: Water treatment Credit: Sarah Nguyen



Letter from Chair to the Parliamentary Secretary

30 September 2013

Senator The Hon. Simon Birmingham
Parliamentary Secretary to the Minister for the Environment
Parliament House
CANBERRA ACT 2600

Dear Parliamentary Secretary,

I present the report on the operations of the Sydney Harbour Federation Trust for the year ended 30 June 2013. The report complies with the provisions of section 70 of the *Sydney Harbour Federation Trust Act 2001* and section 9 of the *Commonwealth Authorities and Companies Act 1997*.

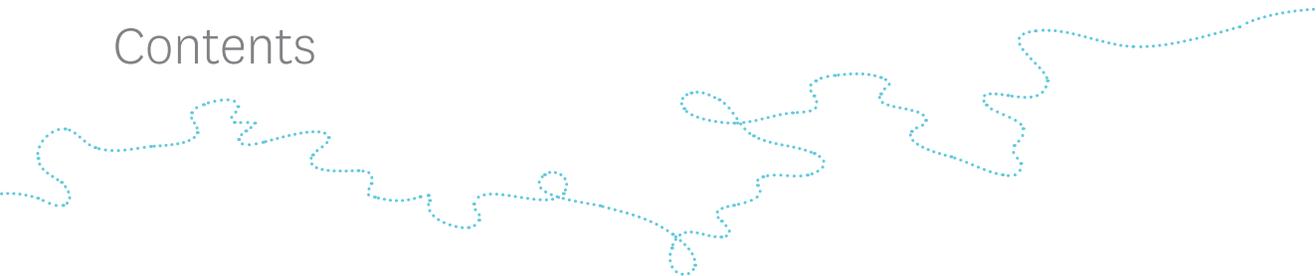
Yours sincerely,



Anthea Tinney
Chair



Contents



Letter to the Minister	1
Chair's Foreword	4
Executive Director's Summary	6
The Sydney Harbour Federation Trust	8
Vision	8
Objectives	8
Functions	8
The Sites	9
Legislation and Minister	9
Organisational Structure	9
Harbour Trust Board	10
Outcomes and Output Structure	13
1 Planning, Land Restoration and Maintenance	14
Sites	16
Trust plans and environmental assessments	22
Environmental performance	24
2 Public Awareness, Appreciation and Enjoyment	32
Marketing and Brand Development	34
Communications	35
Programming	36
Volunteers	36
Rangers	37
3 Financial Sustainability	38
Business Development	40
Leasing	40
Accommodation	41
4 Operations	42
Corporate governance	44
Purchasing	44
Financial Summary	45
Tendering and contracting	45
Human Resources	46
Access and safety	46
Judicial decisions and reviews by outside bodies	47
Ministerial directions	47
5 Independent Audit Report	48
6 Financial Statements	50
Appendix 1. Freedom of Information	86
Appendix 2. Community Advisory Committee members	87
Appendix 3. Maintenance, heritage conservation and environmental management projects	88
Compliance	90
Index	91

Chair's Foreword

This past year marked the 10th anniversary of the Harbour Trust's volunteer program and their contribution was celebrated in style last November at North Head Sanctuary. I particularly want to thank those volunteers who have been with the Harbour Trust for ten years. They can be confident they have made a real difference to the organisation. By way of thanks, they each received an original painting by Harbour Trust Deputy Executive Director, Nick Hollo.

Volunteers have played a crucial role in the development of the Harbour Trust from the beginning and it is hard to overstate the value of the work they do. In 2012-13, they provided over 22,200 hours of enthusiastic and dedicated work, helping with Harbour Trust events and projects. On behalf of the Harbour Trust, I would like to express our sincere gratitude to our volunteers.

The Harbour Trust faced considerable commercial and financial challenges during 2012-13. The fact the organisation overcame these and ended the financial year with a small operating surplus will greatly assist it to consolidate its position in 2013-14 and beyond.

Cockatoo Island will continue to be a focus of attention next financial year with the Underbelly Arts Festival in July-August 2013 and the return of the Biennale of Sydney in 2014. Both these events, and others under consideration, will reinforce the Island's role as an important cultural venue in Sydney.

North Head Sanctuary, Manly will remain a key priority site for 2013-14. A major new wayfinding and signage project will be unveiled during 2014 and the Harbour Trust is currently finalising the layout and landscaping

of new walking tracks and bicycle paths. Together with the activity generated by tenants, these initiatives have the potential to transform North Head Sanctuary, Manly into a popular destination for locals and tourists alike.

In 2012-13, the organisation welcomed two new Trustees to its Board: Ms Paula Braxton-Smith and Councillor Jean Hay, Mayor of Manly. Both bring an impressive range of skills and experience to the organisation. With these appointments, the Harbour Trust now has its full complement of Directors.

I would like to acknowledge the support and encouragement throughout the year of Senator The Hon. Don Farrell, Parliamentary Secretary responsible for the Sydney Harbour Federation Trust and subsequently The Hon. Tony Burke, Minister for Sustainability, Environment, Water, Population and Communities.

I would also like to pay tribute to my fellow Board members. It has been a pleasure working with them over the 2012-13 financial year and I look forward to our continued close working relationship.

Finally, I must acknowledge the Harbour Trust staff who continue to perform to a very high standard, as well as the dedicated Harbour Trust volunteers and those members of the community, both individually and collectively, who continue to support and take a keen interest in the Harbour Trust's work.



Anthea Tinney



Executive Director's Summary

It is very satisfying to report that the Harbour Trust posted a small operating surplus for the year. In view of the challenges the organisation faced during this reporting period, this is a significant achievement. The Sydney Harbour Federation Trust has now completed its fourth year as a fully self-funding parklands agency and we continue to have noteworthy achievements.

Cockatoo Island remained a popular destination. Over the year, 374,303 people visited Sydney Harbour's largest island, a 43% increase from the previous year and the highest-ever visitation figures. Many of these people were attracted to the island by two successful high-profile events: the 2012 Biennale of Sydney and the Red Bull X-Fighters 2012 World Tour Grand Final.

The Harbour Trust increasingly turned its focus towards North Head Sanctuary, Manly in 2012-13. Australia's Memorial Walk was dedicated as an official war memorial by the NSW Governor Professor Marie Bashir AC CVO on 1 December 2012. A new brand identity and brand guidelines for North Head Sanctuary, Manly were developed, and work commenced on new signage and wayfinding.

The Harbour Trust's venue and event hire and accommodation portfolios continued to perform strongly. In a difficult commercial property environment, vacancy rates remained low and the former ASOPA site at Middle Head achieved full tenancy in its first year of operation. Some major new tenants were welcomed at North Head Sanctuary and the organisation is working diligently with preferred applicant proposals for marine facilities at Cockatoo Island and aged care facilities at Middle Head.

Important remediation, conservation and refurbishment works were undertaken in 2012-13. At the former HMAS Platypus site at Neutral Bay,

the major remediation works are expected to be completed by December 2013 and the partial wharf demolition works should be finished by March 2014. Once completed, the Platypus site has enormous potential to become a thriving harbourside precinct in Neutral Bay.

Significant improvements were made at North Fort and work commenced on the construction of new walking tracks at North Head Sanctuary and Headland Park. The remediation of the former camouflaged fuel tanks at Georges Heights was completed and the Harbour Trust commenced archaeological investigations into an historic defensive moat at Middle Head.

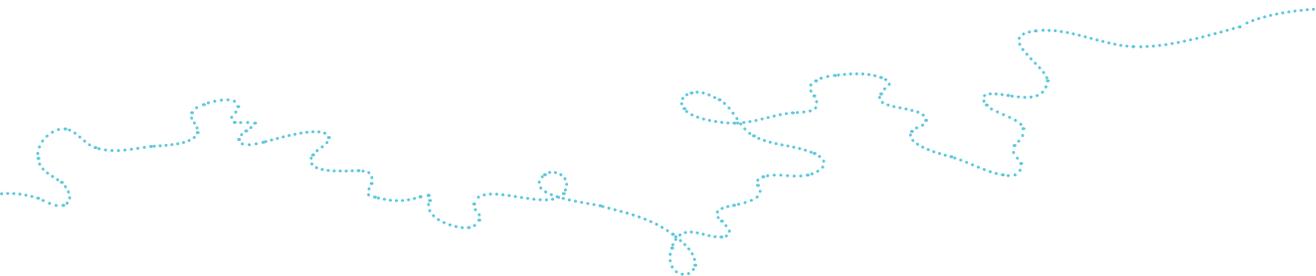
It is always gratifying for the Harbour Trust to receive awards for its work. During the year, the Harbour Trust won the Best New Event and Best Marketing, Communications or Sponsorship Award at the 2012 Australian Event Awards for its 2011 Outpost event. The organisation also won a Heritage Architecture (Conservation) Award from the NSW Institute of Architects in June 2013 for its conservation work on the historic former Superintendent's House (Biloela House) on Cockatoo Island.

As the custodian of former defence and Commonwealth sites on Sydney Harbour, the Harbour Trust is charged with maximising public access to these magnificent locations. It is one reason why the organisation is always open to interesting and innovative ideas that attract people to our sites.

Despite the best intentions, not all of these ideas are able to come to fruition.

A disappointment during the year was the Cockatoo Island Film Festival. The Harbour Trust supported the vision of a film festival transforming the island over five days in October 2012. Unfortunately, the event performed well below expectations.

Because of financial constraints, we were also obliged to cancel the proposed 2013 Outpost street art event on Cockatoo Island. This was a very difficult decision in view of the exciting program that was being developed.



We also confronted a very difficult experience at Cockatoo Island this year with the death of a guest attending a function on the Island. This was traumatic for all concerned but I can report our staff responded very well under these difficult circumstances.

It is fair to say that 2012-13 has been a challenging year, but we have successfully managed those challenges to end the year in good shape. This would not have been possible without the commitment and hard work of our wonderful volunteers and staff. At the Harbour Trust, we are always having to adapt and evolve. Our work does not stay constant. Once again, our staff have risen to meet these challenges with dedication, creativity and good humour and to them I am immensely grateful.



Geoff Bailey

The Sydney Harbour Federation Trust

Vision

To provide a lasting legacy for the people of Australia by helping to create the finest foreshore park in the world and provide places that will greatly enrich the cultural life of the city and nation.

Objectives

The objectives of the Sydney Harbour Federation Trust are:

- to ensure that management of Harbour Trust land contributes to enhancing the amenity of the Sydney Harbour region;
- to protect, conserve and interpret the environmental and heritage values of Harbour Trust land;
- to maximise public access to Harbour Trust land;
- to establish and manage suitable Harbour Trust land as a park on behalf of the Commonwealth as the national government;
- to co-operate with other Commonwealth bodies that have a connection with any harbour land in managing that land;
- to co-operate with the government of New South Wales, affected councils and the community in furthering the above objectives.

Functions

The functions of the Sydney Harbour Federation Trust are:

- to hold Harbour Trust land for and on behalf of the Commonwealth;
- to undertake community consultation on the management and conservation of Harbour Trust land;
- to develop draft plans in respect of Harbour Trust land and any other harbour land in furthering the objects, and performing other functions, of the Harbour Trust;
- to rehabilitate, remediate, develop, enhance and manage Harbour Trust land, by itself or in co-operation with other institutions or persons, in accordance with the plans;
- to make recommendations to the Minister on plans and the proposed transfer of any Harbour Trust land;
- to promote appreciation of Harbour Trust land, in particular its environmental and heritage values;
- to provide services and funding to other Commonwealth bodies in furthering the objects, and performing other functions, of the Harbour Trust;
- anything incidental to or conducive to the performance of its other functions.

The sites



Legislation and Minister

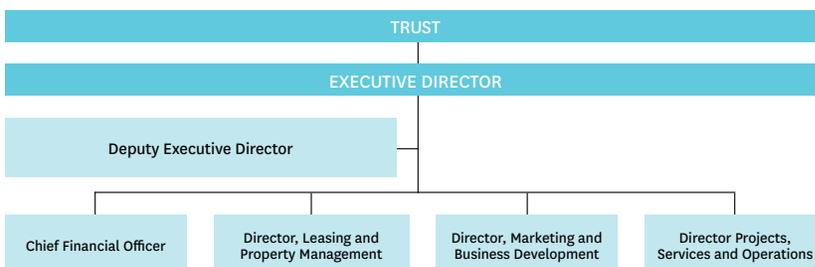
The Harbour Trust was established under section 5 of the *Sydney Harbour Federation Trust Act 2001* which commenced on 20 September 2001.

In the year reported, the Minister for Sustainability, Environment, Water, Population and Communities, The Hon. Tony Burke MP, was responsible for the Harbour Trust.

Organisational structure

The affairs of the Harbour Trust are managed, subject to the directions of and in accordance with the policies of the Harbour Trust, by the Executive Director, Mr Geoff Bailey.

During the year, the Harbour Trust operated from its offices at Georges Heights, Mosman, Sydney.



The Sydney Harbour Federation Trust

Harbour Trust Board

The Harbour Trust Board meets regularly to discuss issues relating to all the sites, including planning, maintenance of buildings and structures, and the opening of sites to the public.

There are eight board members including the Chair, two members recommended by the NSW Government, one member representing the interests of indigenous people and one elected member from a council area containing a Harbour Trust site.

Board members

Chair



Ms Anthea Tinney

Ms Tinney is currently the Chair of the Australian National Commission for UNESCO, a member of the Australian Government's Independent Communications Committee, a member of the Board of CRC CARE, Chair of the Independent Review of the Port of Gladstone and a member of a number of public sector audit committees. She was previously the Chair of Land and Water Australia and the inaugural independent Chair of the Steel Stewardship Forum. She was a deputy secretary in the federal environment portfolio and, prior to retiring from the Australian Public Service in 2008, was appointed as the Interim CEO of the National Film and Sound Archive. Ms Tinney's public service career included a period as the head of the Cabinet Office in the Department of Prime Minister and Cabinet and some years in the Treasury. She has served on several boards and has wide experience in public policy and government administration. Ms Tinney holds a Bachelor of Economics degree and was awarded a Public Service Medal in 1995 for services to the Australian Cabinet system.

Members



Ms Paula Braxton-Smith

Ms Braxton-Smith is a community relations and stakeholder engagement professional. She is a non-executive director of the Harbour Trust and is also a member of the Aquaculture Tenure Allocation Board of South Australia. As a resident of Mosman, she is a regular user of Harbour Trust sites in that council area and beyond. Ms Braxton-Smith has extensive prior experience working in government as a policy adviser in the portfolio areas of Agriculture and Food; Industry and Trade; and Mineral Resources Development. She holds a Bachelor of Agricultural Science degree with honours in Animal Sciences.



Cllr Jean Hay AM

Councillor Jean Hay is a lifelong resident of Manly and was elected to Manly Council in 1987. Cllr Hay served as Mayor of Manly from 1999 to 2004 and 2008 to 2012. At the September 2012 Council elections, she was re-elected as Mayor for a further four year term. She has served on all major Council Committees and numerous other Committees.

In June 1998, Clr Hay was awarded Membership of the Order of Australia (AM) for service to the community through local government, community action and sporting groups, and fundraising for welfare and health education programmes. In 2001, she was awarded a Centenary Medal.

Clr Hay has also been presented with numerous other awards including the 2010 NSW Ministers' Awards for Women in Local Government (Metropolitan Elected Representative).

Clr Hay has played a major role in the realisation of Bear Cottage, the only children's hospice in the State. Her contribution to this project has resulted in Clr Hay being bestowed as Benefactor of the Children's Hospital Westmead.



Dr Elsie Heiss

Dr Heiss is a non-executive director. She was born into the Wiradjuri Nation and spent most of her early days in Cowra and Griffith, NSW. Dr Heiss has represented NSW on the National Aboriginal and Torres Strait

Islander Catholic Council since 1999 and is a former Chairperson. She joined the Aboriginal Catholic Ministry in 1989 and worked in Erskineville and La Perouse. In 1998, Dr Heiss was the Aboriginal representative at the Synod of Oceania in Rome. She was part of the welcome party for Pope Benedict XVI's visit to Sydney for World Youth Day in 2008 and she attended the canonisation of St Mary MacKillop in Rome in 2010. In 2003, Dr Heiss received the NAIDOC community award for her work within the church and for her contribution to health programs in the indigenous community. In 2009, Dr Heiss was the NAIDOC Elder of the Year and she received an Honorary Doctorate of Arts from the University of Notre Dame in 2010. Dr Heiss retired from the Aboriginal Catholic Ministry at the end of 2012 but is continuing to do voluntary work with them.



Ms Sandra Hook

Ms Hook is an experienced non-executive director and marketing and media specialist with a successful background running high-profile media businesses across print, TV and digital. Formerly CEO of NewsLifeMedia

(a division of News Ltd), she was responsible for more than 20 leading media brands and oversaw the transformation of the company's operation, creating Australia's largest digital lifestyle network. Prior to this, she held senior executive roles with Federal Publishing, Foxtel, Austar, Fairfax and Murdoch Magazines. Ms Hook is an investor in early-stage digital businesses and advises companies on digital strategy, commercialisation and navigating digital disruption. She is a board director of the Sydney Fish Markets, a Trustee of the Royal Botanic Gardens & Domain Trust and previously served for nine years on the board of Horticulture Australia Ltd.



Mr Rohan Jeffs

Mr Jeffs is a non-executive director of the Harbour Trust. He is a lawyer with over 30 years experience in major listed Australian companies in the areas of corporate law as well as in senior corporate roles responsible

for governance, risk and compliance; human relations; procurement; industrial relations; superannuation; government and corporate relations. He is the Chairman of the Retail Employees Superannuation Trust (REST), and is Chairman of key REST Board Committees, including Audit, Risk and Compliance; Strategy Review and Human Relations. Mr Jeffs is an Adjunct Professor of Law at the University of Queensland and he holds a Masters of Law, Bachelor of Law and a Bachelor of Arts. He has extensive experience in commercial and regulatory matters.

The Sydney Harbour Federation Trust



Mr Peter Lowry OAM

Mr Lowry is a non-executive director and has been a director since the Harbour Trust's inception in 2000. He has been Chair of the Tenant Selection Committee since then and was Chair of the Audit and Finance Committee until 26 September 2010. He is a company director and lawyer and is a director of the Ensemble Theatre, the Sydney Harbour Foreshore Authority and the Planning Research Centre of Sydney University. Mr Lowry is also a Board Member of NIDA (National Institute of Dramatic Arts) and the Chairman Designate of Transport Heritage NSW. He was a Reserve Army Officer.



The Hon Leo McLeay

Mr McLeay is Chair of the Catholic Cemeteries Board which manages a number of Heritage Cemeteries in Sydney. He is a member of the NSW Cemeteries and Crematoria Board and he is a former Director of the Mary MacKillop Foundation. Mr McLeay spent four years as a Director of the Enhance Group where he was responsible for the Sydney and Canberra offices. His role included providing strategic and stakeholder management advice to large corporations. Mr McLeay was a Member of the House of Representatives from 1979 until 2004. His parliamentary career included four years as Speaker of the House of Representatives. He also held the office of Deputy Speaker and Chief Government and Opposition Whip. He chaired a number of Parliamentary committees.



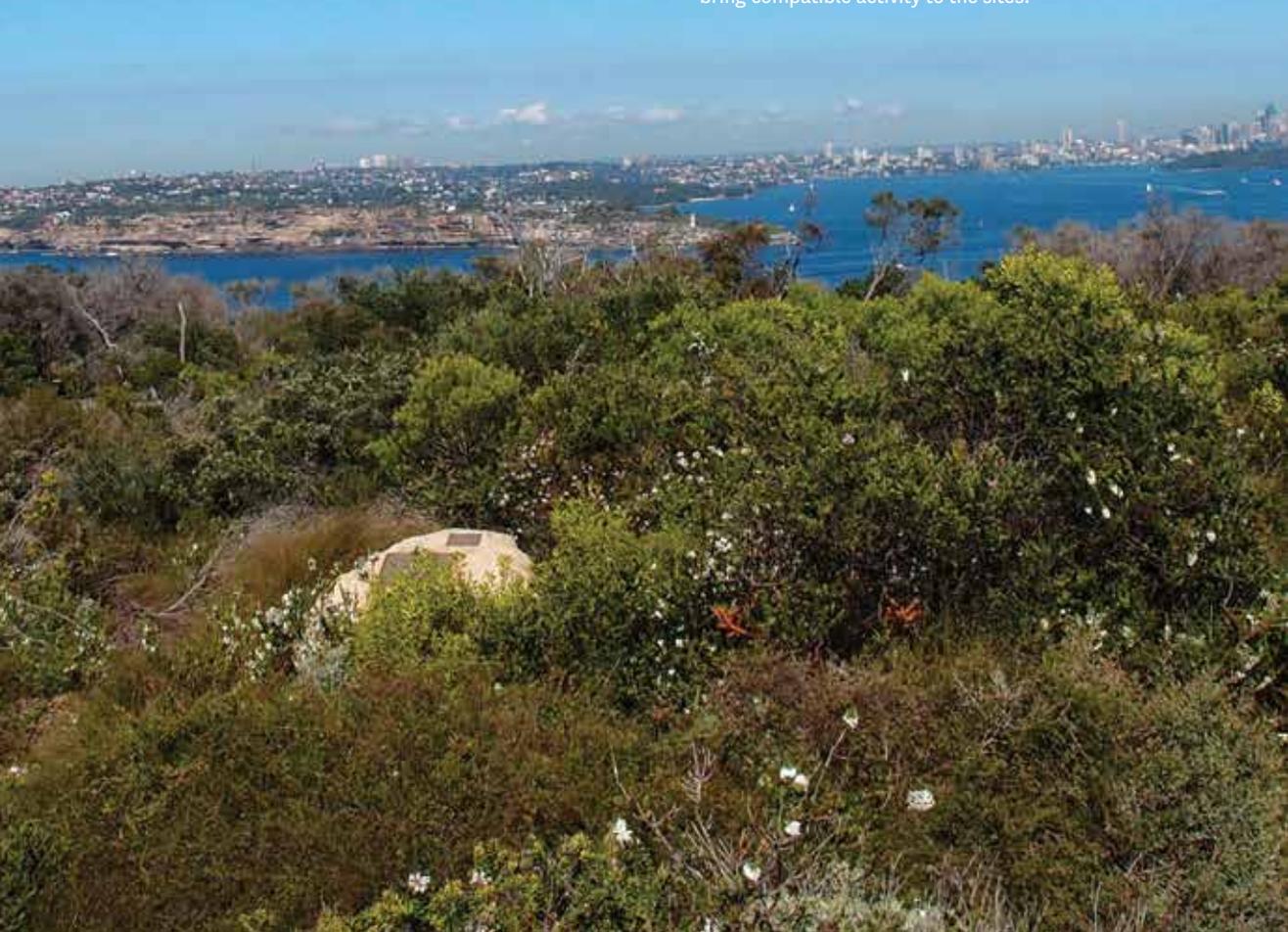
Outcomes and output structure

Under the Sustainability, Environment, Water, Population and Communities portfolio, the Harbour Trust is responsible for the enhanced appreciation and understanding of the natural and cultural values of Sydney for all visitors, through the remediation, conservation and adaptive re-use of, and access to, Harbour Trust lands on Sydney Harbour.

Sydney Harbour Federation Trust Business Program

The Harbour Trust's programs aim to transform Harbour Trust sites into precincts and parklands that enrich the cultural and historical values of the city, while conserving the environmental integrity and unique heritage of the sites. Our major performance indicators are:

- increased awareness, appreciation and enjoyment of sites
- restoration and maintenance of sites
- financial sustainability of ongoing management and operations, including leasing and hiring to bring compatible activity to the sites.



1. Planning, Land Restoration and Maintenance

Performance indicators

- Rehabilitation of land, buildings, infrastructure and equipment is consistent with conservation, environmental and cultural values and relevant standards, and the Harbour Trust's Comprehensive Plan.
 - Rehabilitation of land, buildings, infrastructure and equipment is consistent with Portfolio Budget Statement outcomes.
 - Harbour Trust lands and facilities meet workplace and public safety standards.
 - Repairs and maintenance of all sites to minimise further deterioration.
 - Harbour Trust facilities are increasingly available for public access and business and community use.
-



2012–13 snapshot

The Harbour Trust continued its ongoing conservation, rehabilitation and maintenance program on most sites. Enhancing safe public access was an ongoing focus of the program.

Works included services and building upgrades and maintenance, grounds maintenance, bush regeneration, maintaining fire protection systems and managing site security.

See Appendix 3 for a list of the Harbour Trust's maintenance, heritage conservation and environmental management projects in 2012–13.

Sites

North Head Sanctuary, Manly

North Head Sanctuary is one of Sydney's great landmarks, home to a delicate ecosystem. The former School of Artillery occupies the highest part of North Head and comprises the Barracks complex and the North Fort complex. The Barracks complex contains a collection of art deco buildings with a parade ground, service areas, sheds and a large area of remnant bushland.

The Harbour Trust's land at North Head Sanctuary includes 28 houses that were originally used to accommodate officers of the former School of Artillery. The majority of the houses are leased to medium-term residential tenants and one has been converted to a café (Bella Vista Café at the entrance to North Fort). Many of the other buildings at North Head Sanctuary are leased to a variety of tenants including tertiary education providers, health and well-being practitioners, childcare providers, a gymnasium, artists and a native plant nursery.

In the year reported, the Harbour Trust repaired and refurbished many of the buildings of the former School of Artillery. While these buildings are structurally sound, they are still exposed to the marine environment and vulnerable to deterioration.

Works and new tenants for North Head Sanctuary

North Fort

The North Fort car park and civil works were completed. The work included the creation of a sealed 43-space car park, an informal overflow car park and the installation of a bike path, gravel terrace, lighting and a new pedestrian connection to Australia's Memorial Walk.

Headland Montessori

Following extensive refurbishment works to Building 49, a long day care centre for up to 76 0-6 year olds opened in January 2013.

Australian Bronze Sculpture House

In May 2013, a bronze sculptor opened for business in Buildings 18, 19 and 21. Prior to the opening of the premises, the tenant and the Harbour Trust undertook works to refurbish the buildings and connect additional services. The premises include artists' studios, a sculpture school, a wax and mould-making room, an administration area and a gallery.

CrossFit Gym

A new gymnasium, located in the former Gun Shed (Building 61), commenced operations in late 2012. Building works included the construction of a mezzanine level with access stairs, showers and change rooms, and upgrading building services.

Sergeants' Mess

Minor internal and external refurbishment works have been undertaken on the former Sergeants' Mess for a prospective function centre and catering school.

New Pedestrian Path

A grant under the NSW Government's Sharing Sydney Harbour Access Program (SSHAP) for a series of walking tracks at North Head was awarded to the Harbour Trust and work commenced. The project involves construction of 1.6 km of new paths that will complete the missing links in the recreational path network at North Head by providing new connections between Shelly Beach, Fairfax Lookout and the Quarantine Station in Sydney Harbour National Park. The works include reinstating an opening in the stone wall near North Fort and formalising a 25-metre

pedestrian path from the most southerly point of Harbour Trust land to North Head Scenic Drive and then to Fairfax Lookout.

Underground Services

During 2012-13, the Harbour Trust significantly improved underground services at North Head Sanctuary, including services for recycled water, electricity, sewerage and telecommunications.

Landscaping

Landscape renewal works for the former School of Artillery continued through this reporting period. Local provenance plant species were propagated on site and are being planted at the entry precinct, oval, core buildings and other locations. Volunteers have assisted the Harbour Trust by germinating local provenance plant stock and undertaking regular maintenance and clearing in the Third Quarantine Cemetery.

Headland Park

Headland Park comprises Middle Head, Georges Heights and Chowder Bay. Middle Head divides Middle Harbour and Sydney Harbour and is one of the major 'green' headlands that give the Harbour its bushland character. Headland Park features former training facilities, fortifications, depots, barracks and housing surrounded by Sydney Harbour bushland.

Gunners' Barracks, Georges Head

In July 2012, a major refurbishment of The Gunners' Barracks Tea Rooms commenced. Tenant works comprised the installation of new paint, carpets, lighting and improvements to the bar area. Harbour Trust works comprised repairs to the underground sewer and potable water supplies, and upgrades to landscaping.



Middle Head Kiosk

The adaptive re-use of the existing demountable guardhouse at Middle Head into a kiosk building was completed in early 2013. The building has external timber decks, new amenities and is disabled-accessible. The adjacent landscaping works included an access path, an outdoor seating terrace, drop-off bay and planting.

Frenchy's Cafe, Lower Georges Heights

In July 2012, the new tenant of the Former All Ranks Club undertook minor works including new signage and removable gas heaters.

Fibre-Optic Cabling, Georges Heights to Chowder Bay

Following a request from Chowder Bay tenant Sydney Institute of Marine Science, Telstra installed fibre-optic cabling between Middle Head Road and Chowder Bay in early 2013. The works will enable the Harbour Trust and other tenants to connect to fibre at a reduced cost in the future.

Top Pierre and Alena Reyrolles, Frenchy's Cafe, Headland Park. Credit: Stephen Fabling. Bottom Left View to city from Australia's Memorial Walk, North Head Sanctuary. Credit: Stephen Fabling. Bottom Right Tunnels at North Fort, North Head Sanctuary. Credit Stephen Fabling.



Excavation of Defensive Moat, Middle Head

The Harbour Trust has commenced archaeological investigations into an historic defensive moat at Middle Head. The defensive moat was part of the Outer Middle Head Battery which was constructed in the 1870s and 1880s. It originally extended across the headland and played an important role in the defence of the fledgling colony but by the 1970s, the moat had been filled and overgrown. Excavation of the moat has been partially funded by the NSW Government's Sharing Sydney Harbour Access Program (SSHAP) and will enable visitors to Middle Head to view the interior of the moat.

George Raper Walk

The Harbour Trust started the design and siting work on a new walking track partially funded by the NSW Government's Sharing Sydney Harbour Access Program (SSHAP). The walk will connect Rawson Park to Georges Head Lookout. Along the path there will be interpretation of the local flora and fauna that was documented by the First Fleet midshipman, George Raper.

Camouflaged Fuel Tanks

The former camouflaged fuel tanks at Georges Heights were remediated. Works included the removal of asbestos roof sheeting and soil decontamination.

Building 24, Chowder Bay

In May 2013, Sydney Institute of Marine Science refurbished Building 24 at Chowder Bay to accommodate up to 18 Fisheries NSW staff that had relocated from the Cronulla Fisheries Research Centre.

Woolwich Dock and Parklands

Woolwich Dock and Parklands, located on the Hunter's Hill peninsula, has a rich maritime history. In 1898, Morts Dock and Engineering Company constructed a new sandstone dry dock that was used for repairing ships during both World Wars.

Today, the site's dry dock links to parklands, walkways, marine workshops and a function centre. The modern wharf, constructed by the Harbour Trust, serves as an embarkation point for Cockatoo Island by staff and contractors.

Upgrade to LARC Park

In the reporting period, the Harbour Trust undertook decontamination and landscaping works to LARC Park. The works comprised converting the former asphalted car park into landscaped green space with the capacity for occasional overflow car parking, remediating contaminated land and placing overhead powerlines underground.

New Parking Area, Margaret Street Woolwich

In April 2013, the Harbour Trust approved an application from Hunter's Hill Council for the construction of a new parking area for 31 cars and 28 boat trailers at Woolwich Dock and Parklands. Located on the north-western edge of the Horse Paddock, the parking area will be constructed by contractors engaged by Council and accessed via Margaret Street. The works are being funded by a grant from NSW Maritime, and will complement recent improvements to the existing public boat-ramp in Margaret Street. Works commenced in June 2013.

Installation of New Entry Signage

New visitor signage was installed by the Harbour Trust at the entrance to Woolwich Dock in early 2013. The new signage provides information regarding access into the businesses within the Dock and directions to parking for disabled persons.

Cockatoo Island

Cockatoo Island is the largest island in Sydney Harbour and has been modified and used as a penal settlement and maritime industrial site. Originally only 12.9 hectares, the island has been greatly altered from its natural state. It contains remnants of an imperial convict prison, two dry docks, wharves, slipways, maritime buildings, residences, a powerhouse, cranes, water towers and tunnels.

Superintendent's House and Convict Solitary Cells

The external conservation works on the historic former Superintendent's House (Biloela House) were completed. All the external windows, doors, stone work and verandah flagging were restored. This work was partly funded under the Commonwealth Government's National Historic Sites Program. The project received the Heritage Architecture (Conservation) Award from the NSW Institute of Architects in June 2013.

Conservation works continued on the former Convict Solitary Cells. A grant was awarded from the Commonwealth Government's Your Community Heritage program that will allow the Harbour Trust to undertake some conservation works of the former Convict Kitchen and Barracks above the cells.

Volunteers' Workshop

The Harbour Trust's heritage restoration volunteers have established a joinery workshop in the former Joiners Shop which has enabled them to undertake woodwork projects. One of their first projects was the construction of a timber seat for the solitary cells. On the Southern Apron, the volunteers have commenced the restoration of the No. 2 Steam Crane.

Convict Courtyard

The convict courtyard was resurfaced with crushed stone to represent the former flagging and bedrock of the original exercise yard. This has also provided the courtyard with an even surface, making it more suitable for events. In the centre of the courtyard, the footprint of the early water cistern for the Convict Barracks has been marked out.

Telecommunications Upgrade

Optus and Vodafone installed new infrastructure on Cockatoo Island in 2012-13. The new infrastructure was co-located with Telstra infrastructure behind a purpose-built screen on the Cockatoo Island water tower.

Cockatoo Island Marine Centre

The first stage of a new marina on the Southern Apron of Cockatoo Island opened in April 2013. Works involved installation of new services and placement of temporary caravans and former shipping containers on the hardstand to accommodate a cafe and general store, followed by the installation of pontoons in the Fitzroy Dock, and the use of Building 3 at Woolwich Dock and Parklands for storage and an office. Dry stack boat racks will be erected over the coming financial year.

Snapper Island

Yet to be formally handed over by the Department of Finance and Deregulation to the Harbour Trust, Snapper Island is Sydney Harbour's smallest island, part of a grouping with Cockatoo and Spectacle Islands. The island was a rarely-visited rocky outcrop until World War I when it was leased to Cockatoo Island Dockyard for storage. It comprises simple buildings, slipways, boat storage and jetties. The Harbour Trust carried out repairs to ensure the buildings remained watertight and bird-proof.

Macquarie Lightstation

Macquarie Lightstation is Australia's first and longest operating navigational light. Built in 1818, the original lighthouse was designed by convict Francis Greenway and constructed of sandstone quarried on site.

Following construction of a new lighthouse (designed by James Barnet) in 1883, the original Greenway lighthouse was demolished.

Works to refurbish the existing townhouses at Macquarie Lightstation started in February 2013 and will be completed by September 2013.

Former Marine Biological Station

The former Marine Biological Station is a residential house at 31 Pacific Street in Watsons Bay. The site includes a foreshore park connecting suburban streets with Camp Cove beach. No major works were carried out during the year reported.

HMAS Platypus remediation project

The former HMAS Platypus naval base is a waterfront industrial site in one of Sydney's quiet bays, a reminder of the harbour's maritime heritage. Sitting amid Neutral Bay's waterfront residential properties and foreshore parks, the site contains buildings and workshops adapted and used by the Royal Australian Navy since 1942. In 1967, a substantial concrete wharf was built for the Royal Australian Navy's Oberon class submarine fleet.

The Harbour Trust took over management of the site in 2005 and began planning for remediation. In 2012-13, the Harbour Trust commenced the major decontamination works which involves stabilising and managing around 30,000 tonnes of contaminated fill

Left Yering Station Verandah Wine Bar, Biloela House, 2012 Biennale of Sydney, Cockatoo Island. Right Presentation at the Platypus community open day, December 2012.



and bedrock material. The Harbour Trust contracted specialist remediation company Thiess Services Pty Ltd to undertake these works. Thiess Services began site works in June 2012. Remediation works are expected to be completed by December 2013. Partial wharf demolition works are expected to be completed by March 2014.

Bushland management

Ecological restoration works continued during the year at Headland Park, North Head Sanctuary, and the cliffs of Woolwich Dock and Cockatoo Island. The works included extensive control of weeds, maintenance of over 10 km of bush tracks, roads and access trails, manual and mechanical bushfire hazard reduction around built assets, and revegetation of previously cleared areas using local provenance seedlings. The amount of maintenance work required by bushland contractors continued to increase due to the expansion in newly vegetated areas on Harbour Trust sites.

Bushfire risk management

Fuel reduction and slashing of fire breaks and trails adjacent to buildings and structures at North Head Sanctuary and Headland Park continued throughout the 2012-13 year. At North Head Sanctuary, a program of fuel reduction and selective clearance of woody vegetation continued within the Third Quarantine Cemetery, the Sheds Precinct, near the Childcare Centre and in North Fort. The Harbour Trust worked with neighbouring landholders through the Manly-Mosman-North Sydney District Bushfire Management Committee and the North Head Stakeholder Group to manage bushfire risk.

Three small area burns totalling four hectares were carried out in early September 2012 at North Head Sanctuary. Another area burn proposed for Georges Heights has been postponed until 2013-14 due to a wet autumn in 2013. These burns aim to promote the conservation of biodiversity through natural regeneration, while reducing the threat of wildfire to life, property and natural and cultural heritage assets.

Native and pest fauna management

To support and protect bandicoot and penguin populations, the Harbour Trust is represented on the North Head Bandicoot and Penguin Population

Recovery Teams. Over the year reported, the teams worked closely with the NSW Office of Environment & Heritage (OEH) and other stakeholders. The Australian Wildlife Conservancy, with assistance from the University of Sydney, undertook research into the ecology of native fauna on North Head Sanctuary.

The Harbour Trust continued to work with neighbouring landholders and the OEH to manage feral animals on its sites. The Calicivirus was also released at North Head Sanctuary and Headland Park in March 2013. Continuing its involvement in the Northern Sydney Regional Fox Control Program, the Harbour Trust carried out regular poison baiting at North Head Sanctuary and Headland Park. In collaboration with Hunter's Hill Council, foxes were also controlled at the Horse Paddock, Woolwich.

Landscape maintenance

The Harbour Trust continued a regular program of ongoing landscape restoration and maintenance works throughout all of its sites in 2012-13. The works generally consist of regular mowing and edging of lawns, and pruning, weeding, mulching and infill planting of garden beds.

Pedestrian traffic sight line clearance works were carried out on Harbour Trust roads and footpaths. Eroding sections of the Harbour Trust's network of walking tracks were also repaired at North Head Sanctuary, Woolwich Dock and Parklands, Chowder Bay and Georges Heights. There was also extensive tree works carried out on Harbour Trust sites including maintenance pruning and removal of hazardous dead wood, formative tree pruning and storm-damage works.

Revegetation

Over 23,000 trees, shrubs, grasses and groundcovers were planted on Harbour Trust sites during the year. More than 20,000 of these plants were propagated from local provenance native species, and over 2,000 ornamental natives and exotics were planted within cultural landscapes. The Cockatoo Island gardening volunteers planted over 500 plants on the island and the North Head Sanctuary Foundation propagated and planted over 3,000 native plants in former lawn areas around the sanctuary.

Harbour Trust plans and environmental assessments

Performance indicators

- Plans conform with best practice, are publicly exhibited, have broad community support and reflect input from the consultative process
- Management Plans are consistent with the Trust's Comprehensive Plan which was approved by the Minister
- Management Plans conform with the *Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)*
- Background studies or policies for significant heritage, environmental and transport matters affecting Trust lands are prepared
- Environmental assessments are in line with the *Sydney Harbour Federation Trust Act 2001*, Trust Plans, and the *EPBC Act*
- The Community Advisory Committee and the broader community have input into the planning process



Management plans

No new or revised management plans were prepared by the Harbour Trust during this reporting period.

Environmental assessments

The planning team prepares environmental assessments of actions proposed on Harbour Trust lands, ensuring proposals are consistent with Harbour Trust Plans and the *Environment Protection and Biodiversity Conservation Act 1999*. In the past year, the team completed environmental assessments of 24 proposals. In addition to the projects listed in the Sites section of this report, other completed environmental assessments included:

- Environmental burns at Headland Park;
- Fit-out of numerous suites at Headland Park to accommodate new tenants;
- Upgrade to the landscaped area at the Sally's Place childcare centre at Georges Head;
- Red Bull X-Fighters 2012 World Tour Grand Final;
- Cockatoo Island Marine Centre (Stage 1).

Community consultation

The Harbour Trust continued to consult communities and liaise with key stakeholders on planning and rehabilitating its sites. This ranged from formal committee meetings to workshops, open days, presentations, discussions, exhibiting plans and newsletters.

The Community Advisory Committee met once to provide input on a range of issues and projects on Harbour Trust sites.

The Community Advisory Committee for the former HMAS Platypus site met five times throughout the year to discuss remediation project issues and project progress.

The Harbour Trust held and attended many formal and informal meetings with key stakeholder groups, government agency staff, councils, local members, community organisations and individuals to discuss issues on planning and rehabilitating its sites.

See Appendix 2 for a list of the Community Advisory Committee members.

Top Marine Biological Station. Bottom Entrance to Australia's Memorial Walk, North Head Sanctuary. Credit: Dave Swift. Right Gun emplacement at Georges Head, Mosman.



Environmental performance

Ecologically sustainable development is a key policy of the Harbour Trust

Performance indicators

- Adherence to the core principles of Ecologically Sustainable Development
- Development and implementation of a sustainability policy
- Development and implementation of an environmental management system
- Purchase 100% GreenPower
- Subscribe to Greenfleet
- No increase (staff average) in energy, fuel and water consumption, waste generation and greenhouse gas emissions
- Investigate reducing energy consumption, such as improvements to office lighting
- A new system that accurately measures the amount of waste generated

Ecologically sustainable development

Ecologically sustainable development is a key policy of the Harbour Trust, underpinning our site rehabilitation, planning and public information activities and events. It is part of the Harbour Trust's Comprehensive Plan and all our site management plans.

These principles inform our approach to biodiversity conservation, bushland conservation, management of native and introduced animals, waste quality and catchment protection, transport management and air quality, bushfire management, and Aboriginal and cultural heritage.

In line with this, our site conservation and environmental projects aim to remediate environmental degradation and the impacts of past practice, and establish a sound basis for sustainable development and adaptive re-use.

This section of the Annual Report examines the environmental performance of the Harbour Trust's direct operations, measuring the Harbour Trust office's energy and water consumption, and the generation of waste and carbon dioxide.

Reduction of carbon footprint

In 2012–13, Harbour Trust initiatives to reduce its carbon footprint included:

- Undertaking an Energy Saver Review
- Reducing air conditioning use in the Harbour Trust office
- Purchasing 100% GreenPower for the Harbour Trust office (until December 2012)
- Purchasing Greenfleet offsets for the Harbour Trust vehicles
- Including environmental sustainability issues in Induction Programs for new staff
- Recycling kitchen waste and green waste

Global reporting initiative indicators

The report below follows the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines. The GRI is a non-profit organisation that promotes economic, environmental and social sustainability and its comprehensive sustainability reporting framework is used worldwide.

The guidelines provide environmental performance indicators, which we have used to measure the Harbour Trust's performance on inputs (for example, energy and water) and outputs (for example, emissions and waste).

2012–13 was the sixth year the Harbour Trust reviewed its office environmental performance using the Global Reporting Initiative indicators.

The table below illustrates the targets for 2012-13 which the Harbour Trust set for measuring these indicators.

Global Reporting Initiative Indicators	Trust Targets 2012-13
Energy consumption (GRI Indicator EN3)	No increase in energy consumption
Fuel consumption (GRI Indicator EN3)	No increase in fuel consumption
Water consumption (GRI Indicator EN8)	No increase in water consumption
Waste generation (GRI Indicator EN22)	No increase in waste generated
Greenhouse gases (GRI Indicator EN16)	No increase in overall gross emissions

The following sections detail the Harbour Trust's environmental performance against each of these targets.

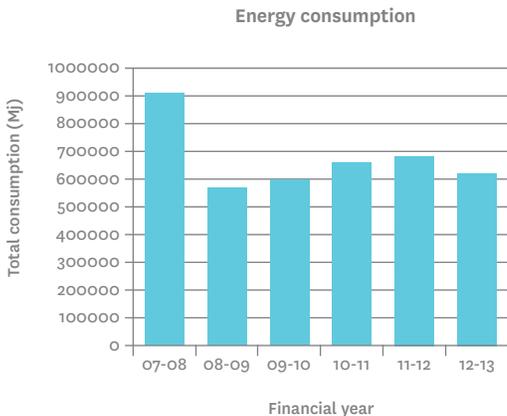
Energy consumption – EN3

2012–13 Energy Consumption Target: No increase in energy consumption

Result: There was a 10% decrease in energy consumption

Total energy consumption

A comparison of total energy consumption over the past six reporting periods is below:



The target for this financial year was for no increase in energy consumption. The Harbour Trust exceeded this target and reduced energy consumption by 10%. In 2012–13, a conscious effort was made by staff members to turn off the automatic air-conditioning system when not required which has significantly contributed to the reduction of energy consumption. The Harbour Trust also continued to encourage staff

Total energy consumption

Year	2011-12	2012-13	% Change
Total consumption	688,704 MJ	618,752 MJ	-10

members to reduce office energy consumption with other small actions. The Harbour Trust includes environmental sustainability issues in Induction Programs for new staff members.

The Harbour Trust has Photovoltaic solar panels on Cockatoo Island and North Head Sanctuary that produced a total of 565,054 MJ during 2012-13. This has contributed to a reduction in the Harbour Trust's net consumption of electricity and production of CO₂ emissions.

Energy Saver Review

The Harbour Trust engaged the NSW Office of Environment and Heritage (OEH) Energy Saver team to carry out a review of energy usage at the Harbour Trust's office at Mosman. The review investigated energy usage in the office from August 2011 – January 2013 and resulted in the following key findings:

- Seasonality affected usage, with higher consumption in winter months**
 Action: The Harbour Trust will encourage staff to only use the heating system when necessary, and to wear appropriate clothing during the winter to reduce office energy consumption (rather than increasing the temperature of the heating).
- Weekday usage in the office increases from 4am and doesn't drop until 10pm**
 Action: The Harbour Trust will investigate this peak to identify any potential savings.
- Energy usage often peaks outside of office hours (in both winter and summer)**
 Action: The Harbour Trust will investigate these peaks to identify any potential savings.

1. Planning, Land Restoration and Maintenance

GreenPower

The Harbour Trust decided to cease the purchase of 100% GreenPower from December 2012 onwards due to budgetary constraints. GreenPower was purchased for the Mosman office from July -December 2012 so this has contributed to the Harbour Trust reducing its overall greenhouse emissions.

Government energy efficiency guidelines

The Harbour Trust's energy use in 2012–13 was well within the Australian Government's Energy Efficiency in Government Operations (EEGO) guidelines.

There has been a decrease of consumption per staff member, which is attributed to the introduction of a more energy-efficient computer operating system and turning off the automatic air-conditioning system when not required.

The Australian Government *Lighting Guide* states that "A well designed and managed lighting system can lead to significant improvements in energy efficiency relating to office tenancies". It also states lighting consumption is typically 30% of commercial offices' power consumption.

The Harbour Trust uses energy-efficient lighting and is currently investigating introducing motion sensor lighting in bathrooms. In 2013-14, the Harbour Trust will investigate if there are any further improvements that can be introduced to help reduce energy consumption.

Electricity consumption per staff member/m2

	EEGO Policy Target	Trust 2011–12	Trust 2012–13
Central services (MJ/m2/annum)	400	241	217
Office light and power (MJ/person/annum)	7,500	5,836	4,834

Fuel consumption – EN3

2012–13 Fuel Consumption Target: No increase in fuel consumption

Result: A increase of fuel consumption by 32%.

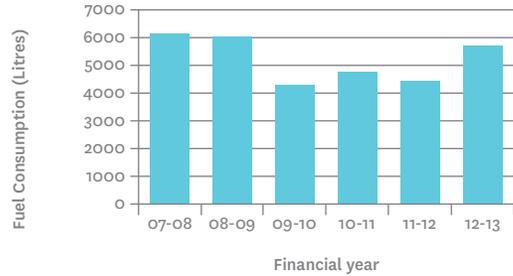
The Harbour Trust’s total fuel consumption was approximately 5,630 litres (see table below). This is due to the Harbour Trust broadening its vehicle fleet.

The Harbour Trust has three cars used by employees at the Mosman office: the Holden Commodore Wagon (unleaded), Holden Cruze (unleaded) and Toyota Hilux Ute (LPG/unleaded). The Harbour Trust’s fleet also includes one Tipper Truck (diesel) for use on Cockatoo Island. The fuel consumption of these vehicles increased by 6% since last year’s reporting period. This increase of fuel consumption is attributed to an increased number of staff using the cars and the increased need to travel to sites.

The Harbour Trust has two boats to transport rangers and security staff between Woolwich and Cockatoo Island. The fuel usage for the boats during 2012–13 was 1,085 litres (unleaded/premium petrol). Although there was an increase in total fuel consumption as a result of using these boats, the Harbour Trust had previously used a private water taxi company so the fuel consumed was not recorded by the Harbour Trust. There has also been a corresponding reduction in costs as the Harbour Trust no longer hires boats from private operators.

We will continue to encourage reducing fuel consumption by measures such as car-pooling to site visits and meetings.

Fuel consumption



Greenfleet CO₂ offsets

In June 2013, the Harbour Trust purchased Greenfleet offsets to the value of 17.2 tonnes of CO₂, further reducing its carbon footprint. This will help Greenfleet to plant native trees in Australia.

Total vehicle fuel consumption

	2011–12	2012–13	% Change
Total unleaded	2473 litres	4219 litres	+74%
Total LPG	828 litres	82 litres	-90%
Total diesel	974 litres	244 litres	-75%
Total fuel	4275 litres	5630 litres	+32%

Water Consumption – EN8

2012–13 water consumption target: No increase in water consumption

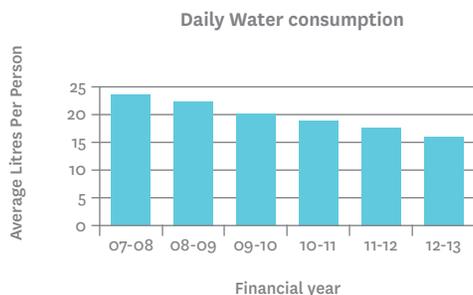
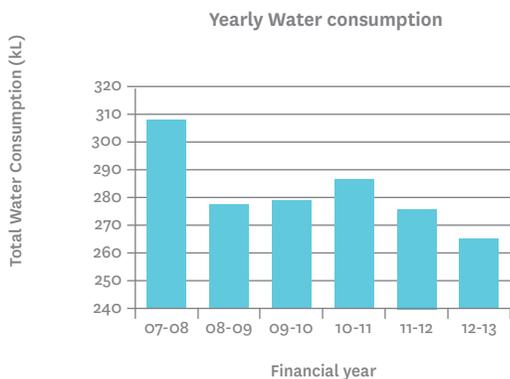
Result: A reduction of water consumption by 3.6 %, thereby exceeding the Harbour Trust’s target.

Use of Sydney Water’s potable water supply within the Harbour Trust remains low at 265kL. This is because the Harbour Trust collects rainwater in two 5000L tanks and only uses Sydney Water mains as a back-up. The 2012–13 reporting period shows the lowest potable water consumption since the Harbour Trust began recording water usage in 2007.

It is difficult to give an exact daily average per person for a number of reasons including staff turnover, staff part-time hours, leave, and days and hours spent in the

office. However, it is clear that average amount of water consumed per person per day has decreased every financial year since the 2007-08 reporting period.

The table below provides a daily breakdown of total potable water consumption. The daily average is based on 255 working days per year, taking weekends and public holidays into account.



Water consumption

	2011–12	2012–13
Total consumption	275 kL	265 kL
Daily average	1078 litres	1039 litres
Daily average per person	18 litres	16 litres

Waste Generation – EN22

2012–13 waste generation targets: No increase in waste generated

Result: No increase in waste generated

To date, the Harbour Trust measures its waste production by the number of bins that are collected by its waste collection contractor. As the bins are shared with tenants, it does not accurately reflect the waste the Harbour Trust generates exclusively. Nevertheless, there has not been an increase of overall bin collections so waste generation has remained consistent. The Harbour Trust has investigated other means of measuring our waste production and the current system used by the organisation remains the most practical.

In 2012-13, the Harbour Trust continued to encourage staff to separate waste and recycle whenever possible. Both paper and co-mingled waste were sent to

recycling facilities. The Harbour Trust continued its ink recycling program by returning ink cartridges to the manufacturer for disposal. The Harbour Trust also recycled 7.2kg of old mobile phones, batteries and accessories.

The worm farms purchased for the Harbour Trust office in 2011-12 helped reduce the amount of organic waste going to landfill.

Waste generation

	2011–12	2012–13
Total general waste	4.9 tonnes	4.9 tonnes
Total paper and cardboard	4.1 tonnes	4.1 tonnes
Total co-mingle (bottles/cans)	1.8 tonnes	1.8 tonnes
Percentage waste to landfill	45%	45%
Percentage waste recycled	55%	55%



Left View to harbour, Former ASOPA site, Middle Head. Right Campground at Cockatoo Island (view from upper island). Credit: Sarah Nguyen.



1. Planning, Land Restoration and Maintenance

Greenhouse Gases – EN16

2012–13 greenhouse gas emissions target: No increase in gross emissions

There was a decrease in gross emissions by 7.7%. This was mainly due to a decrease in electricity consumption.

The Harbour Trust’s total gross emissions in 2012-13 were 202.64 tonnes of CO₂-e. Most gross emissions came from electricity.

The purchase of offsets enabled the Harbour Trust to further reduce its carbon footprint. In June 2013, the Harbour Trust purchased Greenfleet offsets to the value of 17.2 tonnes of CO₂, which will help Greenfleet to plant native trees in Australia. In addition, the Harbour Trust purchased 100% green energy carbon offsets to the value of 104.88 tonnes of CO₂. This has resulted in total offsets of 122.08 tonnes of CO₂-e.

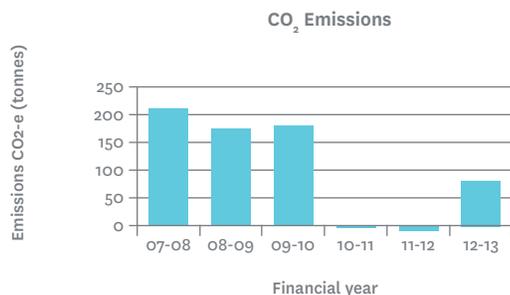
Although there was a decrease in gross emissions, the Harbour Trust’s net emissions increased to 80.56 tonnes of CO₂-e for 2012-13. This increase in net emissions was due to the decision to cease the purchase of Greenpower from December 2012.

The table below summarises the total amount of greenhouse gases for the Harbour Trust by source and amount.

Carbon footprint

Fuel/Process	2011–12	CO ₂ -e (tonnes)	2012–13	CO ₂ -e (tonnes)
Electricity	191,306 kWh	204.31	171,876 kWh	183.56
Petrol/gasoline	1.98 kL	6.43	5.3 kL	13.79
LPG – transport	0.78 kL	1.49	0.08 kL	0.15
Diesel – transport	0.64 kL	2.92	0.24 kL	0.73
Waste to landfill	4.9 kL	4.41	4.9 kL	4.41
Total gross emissions		219.57		202.64
Offsets	Greenfleet	-21.5	Greenfleet	-17.2
	Green Energy	-204.32	Green Energy	-104.88
Total net emissions		-6.25		80.56

CO₂ emissions produced by the Harbour Trust





2. Public Awareness, Appreciation and Enjoyment

2012–13 snapshot

With the Harbour Trust's ongoing focus on visitor and revenue growth, the work of the marketing division was concentrated on raising the profile of the Harbour Trust and its sites and activities.

Our marketing team continued the implementation of new marketing and brand development initiatives on Cockatoo Island and developed a new brand strategy for North Head Sanctuary. The Harbour Trust launched a new website and expanded its social media presence. A new education program for Cockatoo Island was developed which will be launched in 2013-14. Key corporate, cultural and public sector partnerships were established and nurtured.

The Harbour Trust and its sites had another great year for venue hire, visitor numbers and media profile. Notable events during 2012-13 included the 18th Biennale of Sydney, the Red Bull X-Fighters 2012 World Tour Grand Final, the Cockatoo Island Film Festival and the Sydney Festival's *Chronometer* sound installation at Georges Head Lookout.

Levi Sherwood, 2012 Red Bull X-Fighters, Cockatoo Island.
Credit: Mark Watson





Performance indicators

- Community awareness of the Harbour Trust and its activities, and visitors to Harbour Trust lands, increase through the promotion of tours, events and open days consistent with the Harbour Trust's Comprehensive Plan and Portfolio Budget Statement outcomes
 - Marketing and business development initiatives increase visitation and generate revenue
 - The Harbour Trust receives positive media coverage for all significant public events and planning activities and the media maintains an interest in the Harbour Trust
 - Education, interpretive and public programs are developed and implemented to promote Harbour Trust lands and their significance, and to increase visitation
 - Partnership programs with institutions, neighbours and others are developed to promote Harbour Trust lands and their significance
-

Marketing and Brand Development

The marketing and brand development approach at the Harbour Trust is based on the fact that our sites are different and require a tailored marketing approach and investment. Cockatoo Island remains the site with:

- the greatest potential to spearhead the organisation's positioning and broader objectives
- the greatest potential for visitor growth

However, as foreshadowed in the *2011-12 Annual Report*, the Harbour Trust significantly expanded its marketing focus to North Head Sanctuary, Manly during 2012-13.

Cockatoo Island

During the year reported, the Harbour Trust continued to implement new marketing and brand development initiatives on Cockatoo Island.

Cockatoo Island Wayfinding: Phase three (interpretative signage)

The third phase of the Cockatoo Island signage project (interpretative signage) was installed in December 2012. Over 60 new signs were produced to interpret Cockatoo Island's history and communicate the story of the island. The project also included updated audio tour directional signage and new children's activity rubbing plates.

Cockatoo Island Visitor Guides and Donation Boxes

In January 2013, new visitor guides were produced. The new visitor guide provides visitors with detailed information about the island and its history. The new guide is free of charge, but donations are encouraged. A new pre-visit brochure targeting interstate and international tourists was also produced and is being distributed through key tourism offices and kiosks in the CBD and surrounding suburbs.

North Head Sanctuary, Manly

In 2012-13, the Harbour Trust increasingly moved its marketing and brand development focus towards North Head Sanctuary. A new brand identity and brand guidelines were developed and work commenced on a new signage and wayfinding project.

North Head Sanctuary Brand

The new brand presents North Head Sanctuary as a welcoming and inspiring destination in Sydney. It emphasises the natural aspects and reputation as a place of retreat and heritage, while aiming to encourage visitation and appeal to new audience groups. The logo was inspired by North Head's unique cliff face and natural heritage.

North Head Sanctuary Wayfinding

The Harbour Trust's marketing team developed a new wayfinding strategy to improve the experience of visitors to the site. The signage plan targets four key groups: cyclists, pedestrians, motorists and tenants. Over 140 signs will be produced and installation is planned for completion during 2014.

Other activity

A new pre-visit brochure about the Harbour Trust's sites was distributed to tourist information centres, transport hubs, hotels and ferries. A business-to-business sales brochure and venue hire fact sheets were produced to support the business development and leasing teams in promoting the organisation's sites and services.

The Harbour Trust's marketing team organised promotions with partners such as Nova 96.9 FM, the Urban Walkabout/City of Sydney Cultural Competition and the NSW Caravan & Camping Holiday Super show to increase Cockatoo Island's profile. The Harbour Trust also partnered with Hasbro to include Cockatoo Island as a landmark site in the inaugural Sydney version of Monopoly.

Camber Wharf, Cockatoo Island. Credit: Sarah Nguyen



Communications

Media

The Harbour Trust received positive media coverage of its sites and activities during 2012-13. The 18th Biennale of Sydney, the Red Bull X-Fighters 2012 International Freestyle Motocross Grand Final and the Cockatoo Island Film Festival all generated significant international, national, metropolitan and local media coverage for Cockatoo Island across TV, radio, print and online channels. The 2013 Sydney Festival's *Chronometer* sound installation at Georges Head Lookout in Mosman also attracted good coverage.

During the reporting period, Cockatoo Island was profiled as a tourist destination in international, national, Sydney metropolitan and online media outlets, with particular interest in the campground and holiday houses and apartments. The Island Bar on Cockatoo Island continues to receive strong media coverage.

Channel 7's *Sunrise* did five live weather crosses from the Georges Head lookout on 12 November 2012. The opening of Frenchy's Cafe on the Georges Heights site was covered by the *Sydney Morning Herald's Good Living* and *Northside* and the Macquarie Lightstation tour days were profiled in *The Daily Telegraph*, *Time Out Sydney* and *Wentworth Courier*, which contributed to the February and April tour days being sold out. Suburban newspapers continued to regularly cover the Harbour Trust's activities.

New Harbour Trust website

In June 2013, the Harbour Trust launched a new website. The new website's updated layout, modern design, simplified content and improved navigation offers visitors a more accessible and user-friendly experience. It incorporates new features that will enable better

promotion of tours, leasing, venue hire and events and make it easier to link to social media channels and sign up to the Harbour Trust's regular e-newsletter.

Social media

In 2012-13, the Cockatoo Island Facebook page experienced strong growth and now has over 27,000 Facebook fans. Engagement was driven through regular posts, targeted Facebook advertising, periodic competitions and the use of strong photography. The Facebook page was also used to cross-promote other Cockatoo Island activities such as accommodation, venue hire, leasing, tours, education and history.

Publications

During the year reported, the Harbour Trust published a new book about the 21st Australian Auxiliary Hospital at Georges Heights. *The Hospital on the Hill* features vignettes, photos, poems and interesting facts about the operations of Australia's third largest military hospital from 1916-1921.

Top The Island Bar, Cockatoo Island. Credit: Sarah Nguyen. Bottom Left Visitors at Cockatoo Island. Credit: Sarah Nguyen. Bottom Right Channel 7 Sunrise team's equipment, Georges Head Lookout, Mosman, November 2012.





2. Public Awareness, Appreciation and Enjoyment

Website, e-news and social media

There were 108,612 visits to the Harbour Trust's corporate website www.harbourtrust.gov.au, a decrease of 28% on 2011-12 figures. The previous year's figures were higher because the 2011 Outpost event significantly increased traffic to the Harbour Trust website.

The Cockatoo Island website, www.cockatooisland.gov.au received 385,872 visitors, an increase of almost 32% on the previous year.

The regular Harbour Trust e-newsletter, highlighting key events, programs and Harbour Trust news, reached 17,469 subscribers in 2012-13.

Programming

Biennale of Sydney

A major venue of the Biennale of Sydney since 2008, Cockatoo Island played host to the 18th Biennale of Sydney (27 June-16 September 2012). The Biennale of Sydney is Australia's major contemporary arts festival, playing a central role in developing visual arts culture in Australia and connecting artists from around the world. International and Australian artists exhibited artworks and installations in buildings on the lower and upper island over a three-month period, many of which were responsive to Cockatoo Island. 203,229 people visited the Biennale of Sydney on Cockatoo Island, a 24% increase on the 2010 Biennale.

Sydney Festival

In 2012-13, the Harbour Trust again welcomed the Sydney Festival to its sites, hosting a sound installation piece at Georges Heights. Sydney Festival Artistic Director Lieven Bertels chose *Chronometer*, composed by British composer Sir Harrison Birtwhistle in 1971. Speakers were installed in the underground tunnels of Battery A84 and throughout January the audience lounged on bean bags under the trees, enjoying the harbour vista at Georges Head Lookout while listening to this surround-sound composition.

Education programs

During the reporting period, guided education visits to Cockatoo Island totalled 2,504 in 49 groups.

A key focus of the Harbour Trust's education team this year has been the creation of a new Education program at Cockatoo Island for primary and secondary schools. The new program has stronger links to the NSW primary and secondary curriculum and bridges programs with the new national curriculum to be introduced in 2014.

The updated content incorporates new and expanded resources including a comprehensive education kit, worksheets, costumes, props, character cards and interactive role play. The program strengthens the connections of Cockatoo Island's history to the wider context of Australian history through the Convict Times program and introduces a new program Machines which targets the subject of Science and Technology.

In addition, many school groups visited Cockatoo Island in a self-guided capacity and family groups enjoyed the new self-guided *Convict Clues Activity Trail* and *Ship Shape Challenge* activity books.

Volunteers

Our volunteers contributed over 22,200 hours to the Harbour Trust during 2012-13. During the year reported, the organisation welcomed 30 new volunteers to the program.

The Harbour Trust also has a team of 146 episodic volunteers who work on one-off events or programs for the Harbour Trust and its partner organisations. In 2012-13, episodic volunteers contributed 1,500 hours to the Biennale of Sydney, Cockatoo Island Film Festival and the North Head Sanctuary Foundation Nursery.

Volunteers continued to staff the visitor centres at Cockatoo Island and North Head Sanctuary, help out on Harbour Trust events, work on heritage restoration projects, and maintain gardens and natural landscapes at both sites.

Three volunteers now represent the Volunteer team on the Harbour Trust's Work Health and Safety committee. Volunteers are assisting with the update of the Volunteer Manual and are also helping Harbour Trust staff with office duties.

Aside from regular duties, volunteer information sessions and social outings remained an important part of the Harbour Trust volunteer experience.

Guided tours and presentations

Guided tours led by volunteers ran at North Head Sanctuary, North Fort and Headland Park, while open days were held at Macquarie Lightstation and the former Marine Biological Station.

Volunteer speakers presented talks about the Harbour Trust and its sites to 39 community groups, comprising an audience of just over 1,800 people.

Volunteer restoration teams and gardeners

The Cockatoo Island heritage restoration volunteer team started work on a number of projects. These include restoring the No 2 steam crane from Fitzroy Dock, repairing and eventually installing the wooden sliding doors from the Timber Store (Building 19) and constructing an arbour for Biloela House.

At North Head Sanctuary, the heritage restoration volunteer team has started work on restoring equipment in the WWII tunnels at North Fort and the Sperry searchlight and a number of guns. The Cockatoo Island garden team recently completed the latest stage of plantings around Biloela House, the Heritage Holiday Houses and the Harbour View Apartments.

Rangers

With their high public visibility, the organisation's eight rangers are Harbour Trust ambassadors, providing information and assistance to visitors at its sites.

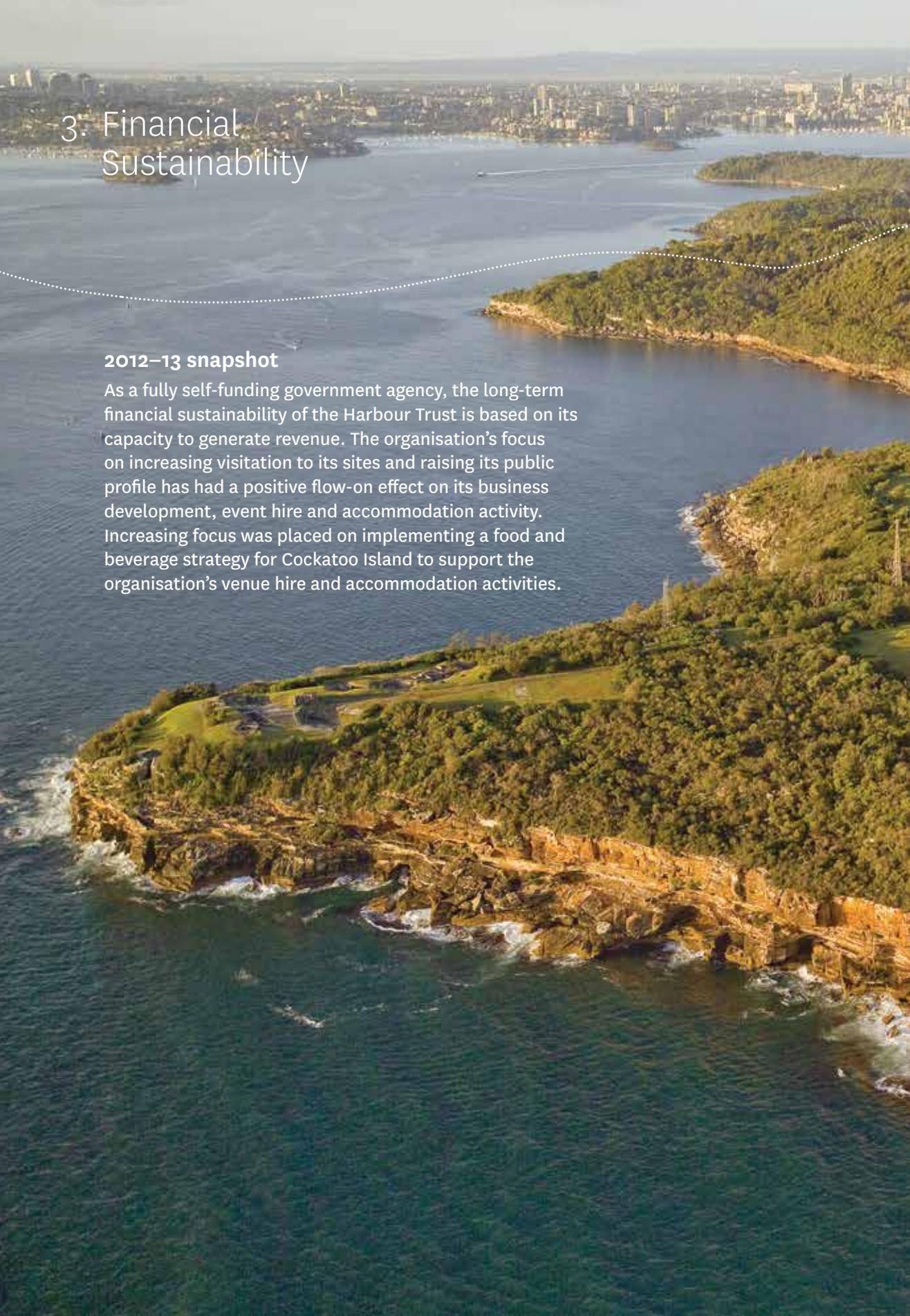
They are responsible for the safety and security of all Harbour Trust buildings, parklands, tracks and roadways. They also implement the *Sydney Harbour Federation Trust Act (2001)* and regulations to ensure all visitors to our sites comply with legislation and parking provisions.

Rangers assist with events and site presentations, provide first aid, attend to emergencies when called, and assist people with disabilities or the elderly around the sites.



Top Australia's Memorial Walk, North Head Sanctuary. Credit: Dave Swift.
Bottom Left Military Guardhouse, Convict Precinct, Cockatoo Island
Bottom Right Visitors at the Platypus community open day, December 2012

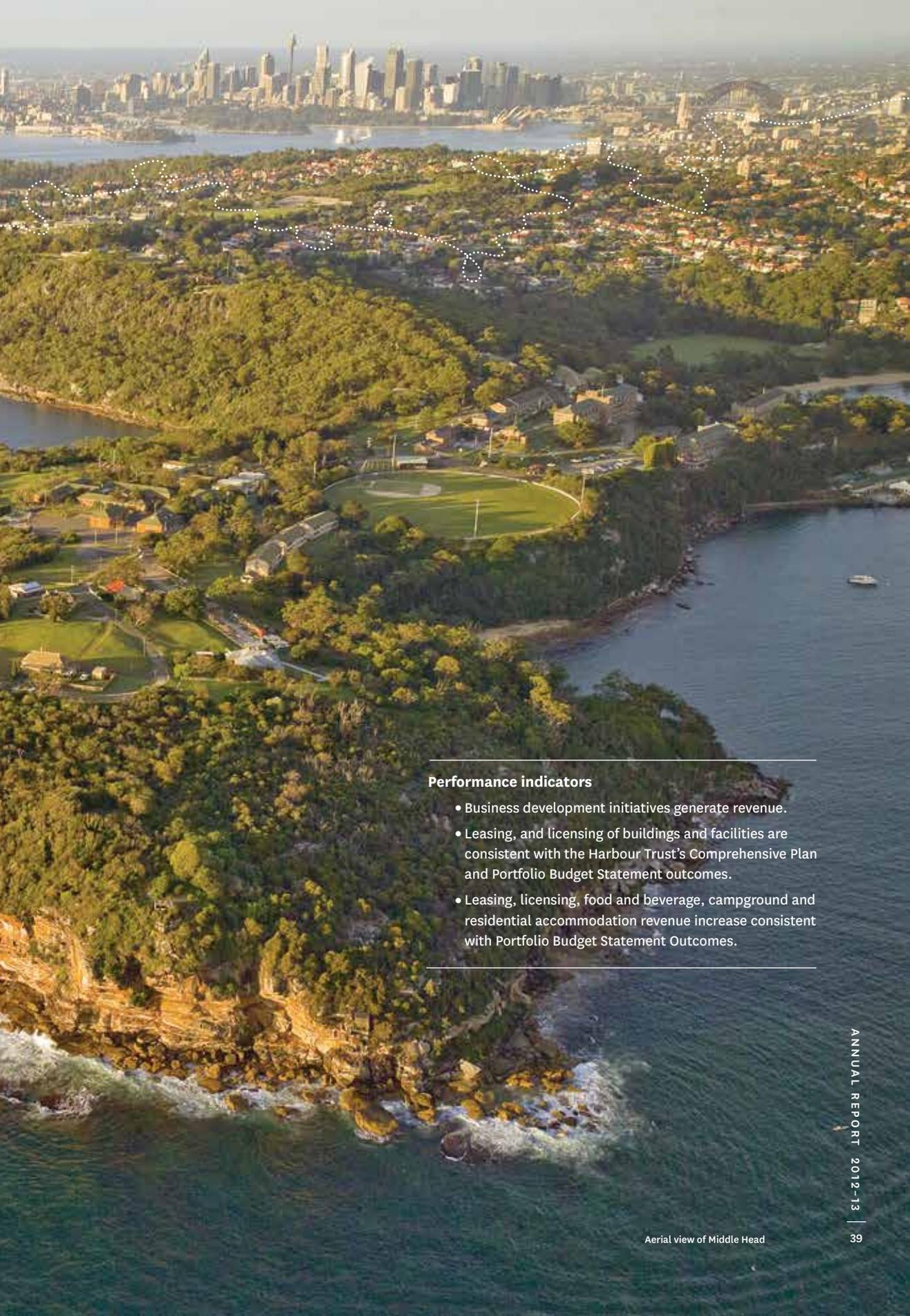


An aerial photograph of a coastal city and harbor. The city skyline is visible in the background across the water. In the foreground, there are lush green hills and a rocky coastline with waves crashing against the shore. A white dotted line curves across the middle of the image, separating the title area from the text area.

3. Financial Sustainability

2012–13 snapshot

As a fully self-funding government agency, the long-term financial sustainability of the Harbour Trust is based on its capacity to generate revenue. The organisation's focus on increasing visitation to its sites and raising its public profile has had a positive flow-on effect on its business development, event hire and accommodation activity. Increasing focus was placed on implementing a food and beverage strategy for Cockatoo Island to support the organisation's venue hire and accommodation activities.



Performance indicators

- Business development initiatives generate revenue.
 - Leasing, and licensing of buildings and facilities are consistent with the Harbour Trust's Comprehensive Plan and Portfolio Budget Statement outcomes.
 - Leasing, licensing, food and beverage, campground and residential accommodation revenue increase consistent with Portfolio Budget Statement Outcomes.
-

Business Development

Venue hire

During the reporting period, the Harbour Trust experienced an increase in corporate event hires, weddings and private parties on its North Head Sanctuary, Cockatoo Island and Georges Heights sites. A total of 197 venue hire events took place during the year compared with 151 venue hire events in the previous financial year.

Media licensing profile

Cockatoo Island continued to be a popular location for filming Australian television programs. *The Block* reality television series shot a challenge episode on Cockatoo Island in December 2012, which screened nationwide on Channel 9 in March 2013. *Australia's Next Top Model* returned to Cockatoo Island in February 2013 and, in the same month, the site hosted another reality television series *The Mole*. The ABC also shot footage for the *Redesign My Brain* series in May. These programs will promote Cockatoo Island Australia-wide through television coverage on Foxtel, Channel 7 and ABC Channel 2 respectively.

The Harbour Trust worked closely with all program producers to ensure that Cockatoo Island was appropriately featured.

Food and beverage

In the 2012-13 financial year, the Harbour Trust employed a Food and Beverage Business Development Manager to implement a range of pop-up eateries for the 2012 Biennale of Sydney and develop a food and beverage strategy.

In May 2013, the Harbour Trust sought expressions of interest from professional hospitality, catering and event services operators for catering and event services on Cockatoo Island. In the next financial year, the Harbour Trust hopes to work with the new operator to manage and develop a food and beverage operation on Cockatoo Island that will become an integral part of the island's community.

New food and beverage developments took place on other Harbour Trust sites. In July 2012, Frenchy's Cafe opened on the Harbour Trust's Georges Heights site and has been trading strongly. At North Head

Sanctuary, the Bella Visa cafe expanded, with a consequent improvement in their business. At Middle Head, the former Guardhouse was leased as a kiosk which will open for business in the next financial year.

Leasing

The Harbour Trust's leasing performance mirrored that of the general market with more volatile trading conditions contributing to the loss of some tenants and the welcoming of new tenants across a spectrum of areas including IT, Arts, Fitness and Education.

Middle Head Expression of Interest

In August 2012, the Harbour Trust sought expressions of interest for the use of the former 10 Terminal and Barracks site at Middle Head. The Harbour Trust is working with the preferred applicant and is hopeful of securing a long-term use of these facilities in the 2013-14 financial year.

Cockatoo Island

The Harbour Trust continues to work with the preferred applicant following the May 2012 expression of interest on the development of the Cockatoo Island Marine Centre. This will see maritime activity return as a core operation on the island's Southern Apron.

North Head Sanctuary, Manly

The Harbour Trust welcomed some major new tenants at North Head Sanctuary who have contributed to increased activity and awareness of the site. During the year reported, the Headland Montessori child care facility, the CrossFit North Head gymnasium and the Australian Bronze Sculpture House all opened for business at North Head Sanctuary. The Harbour Trust has also approved the establishment of a function centre and catering school in the Sergeants' Mess which it expects will be operational in the 2013-14 reporting period.

Residential

The Harbour Trust manages 47 houses across all its sites and the portfolio maintained high occupancy during the year. The major development was the refurbishment of the four townhouses at Macquarie Lightstation in Vaucluse. This refurbishment will be completed early in the 2013-14 financial year.

Accommodation

In 2012-13, the Harbour Trust's holiday accommodation portfolio comprising the Middle Head Naval Cottages and the Cockatoo Island Campsite, Heritage Houses and Harbour View Apartments generated \$1,370,241 in revenue, an increase of 10% from the previous financial year. The expansion of the "glamping" option was a major factor in this revenue growth. In the next financial year, the Harbour Trust is planning to expand this option in association with increased corporate and conferencing demand on Cockatoo Island.

Commercial venue-hire clients in 2012-13 included:

- Optus
- Canon Australia
- Coca-Cola Amatil
- PricewaterhouseCoopers
- Red Bull
- Property Council of Australia
- Air B 'n' B
- UTS Sydney
- Nova 96.9 FM
- Allens Arthur Robinson
- BVN Architecture
- Hillsong Church Youth Ministry



Top Levi Sherwood, 2012 Red Bull X-Fighters, Cockatoo Island. Credit: Andreas Langreiter Bottom Left Sunset at the campground, Cockatoo Island. Credit: Zakarij Kzaczmarek Bottom Right Platypus community open day, December 2012



4. Operations



FMB Sydney moored at Camber Wharf, Cockatoo Island.
Credit: Sarah Nguyen



4. Operations

Corporate governance

The Executive Director manages the Harbour Trust's affairs subject to the Harbour Trust's directions and in line with the Harbour Trust policies.

Trustees' meetings

There were seven meetings of the Harbour Trust in the 2012-13 financial year. Members attended as follows:

Name	Meetings attended
Ms A Tinney	7 out of possible 7
Ms P Braxton-Smith. Appointed as a Trustee on 12 February 2013.	2 out of possible 3
Clr J Hay, AM Appointed as a Trustee on 25 June 2013.	No meetings have been held since Clr Hay's appointment
Dr E Heiss Appointment expired 23 May 2012. Reappointed 12 February 2013.	3 out of possible 3
Ms S Hook Appointment expired on 5 March 2013. Reappointed 17 June 2013.	7 out of possible 7
Mr R Jeffs	6 out of possible 7
Mr P Lowry OAM Appointment expired on 5 March 2013. Reappointed 17 June 2013.	7 out of possible 7
The Hon L McLeay	7 out of possible 7

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee oversees:

- effective identification and management of risks
- reliable financial and management reporting
- compliance with applicable laws and regulations
- maintenance of an effective and efficient audit service
- effective fraud prevention and control measures

There were five meetings of the Audit, Risk and Compliance Committee (formerly the Audit and Risk Management Committee) during the 2012-13 financial year with members attending as follows:

Name	Meetings attended
Mr R Jeffs	5 out of possible 5
Mr R Butterworth	4 out of possible 5
Mr P Hinchey	5 out of possible 5
Ms A Tinney	5 out of possible 5

Community Advisory Committee

See Appendix 2 for a list of the Community Advisory Committee members for each of the Harbour Trust's sites.

Fraud control

The Harbour Trust uses appropriate fraud risk assessment and control mechanisms including a fraud control plan, fraud awareness training, independent audits of key functions, adhering to a strict Code of Conduct and minimising the use of credit cards.

These are in line with the Commonwealth Fraud Control Guidelines and are overseen by the Harbour Trust's Audit, Risk and Compliance Committee.

Indemnities and insurance

The Harbour Trust took out Directors' and Officers' liability insurance with our insurers, Comcover, for the 2012-13 period.

The Harbour Trust did not provide any indemnities to directors or officers for liabilities or claims against them in 2012-13.

Purchasing

The Harbour Trust's guidelines and financial instructions for purchasing goods and services are in line with the Commonwealth Procurement Rules.

The Tender Review Committee considers tenders estimated to be in excess of \$80,000. It reviewed four tenders during the 2012-13 financial year. The four tenders related to the Remediation of LARC Park, Middle Head Café Carpentry Works, Macquarie Lightstation Townhouse Redevelopment and Retaining Wall Repairs at Chowder Bay.

Where practicable, the Harbour Trust uses energy efficient, environmentally friendly, recycled and recyclable products or services. During the year reported, the Harbour Trust continued to benefit from the use of large solar panel arrays at Cockatoo Island and North Head Sanctuary, Manly, and energy efficient and low emission vehicles. The Harbour Trust also continues to use the latest computer, printing and network devices, resulting in an approximate 30% reduction in power usage compared to previous devices.

Financial Summary

The Harbour Trust posted a small operating surplus for the 2012-13 financial year. The economic conditions made it a challenging year for the Harbour Trust. However, the 2012-13 result is positive in view of the lower income from leasing and higher expenditure around site operating and event costs. The Harbour Trust experienced higher property vacancy rates during the year due to the continued low business confidence and conditions being experienced by small and medium enterprises. The Harbour Trust also suffered from increased cost pressures from its aging property and infrastructure assets, but saw strong income growth in its licensing and accommodation businesses. The Harbour Trust was able to achieve a small surplus because of the receipt of an unbudgeted revenue item and the cost-saving programs implemented during 2012-13.

The Trust continues to focus on improving its built and natural environment. Expenditure in these core areas increased in the 2012-13 financial year. Additionally, continued capital improvements to the Harbour Trust's property and infrastructure at North Head Sanctuary, Manly has been a priority and will continue to be a focus in 2013-14.

Key financial performances

The following operational areas performed above our expectations in 2012-13:

- 20% licensing income growth
- 10% accommodation income growth
- funding of capital renewal projects from accumulated cash reserves
- continued improvements in site amenities and services for tenants and visitors

Tendering and contracting

The Harbour Trust engaged 68 consultants with a total value of \$1,078,683 (including GST) to provide specialist advice on:

- legal matters
- planning
- business matters
- engineering services
- archaeology
- conservation
- design
- environmental, finance, and risk management
- historical research and interpretation
- communications
- other technical aspects relating to the sites.

The unique and heritage nature of the sites, buildings and equipment demand a wide variety of highly specialised skills that are not freely available in our existing staff. We engage specialist consultants for these roles.

Human Resources

Employees

Employees of the Harbour Trust are engaged under section 48 of the *Sydney Harbour Federation Trust Act 2007* with the terms and conditions of employment according to the Harbour Trust's Enterprise Agreement 2012. The current number of employees stands at 64, comprising 51 full-time, 7 part-time and 6 casual employees.

During the 2012-13 year, 14 employees left the Harbour Trust.

Learning and Development

The Harbour Trust encourages the growth of skills and knowledge of their employees to meet the needs of the organisation now and into the future. An organisational Learning and Development Plan has been created to ensure suitable and cost-effective learning and development is undertaken.

Learning and Development strategies for 2012-2013 revolved around training employees in:

1. Work Health and Safety (WHS) legislation and working safely
2. WHS committee training
3. Office software training
4. Maintaining employees' qualifications required for their role
5. Maintaining employees' industry knowledge
6. Updates on new or changed legislation

The Learning and Development program spent approximately \$10,500 for the year for the various training programs.

Access and safety

Risk assessment and management

Risk assessment and management is an integral part of all new Harbour Trust projects and events. During the reporting period, the Harbour Trust provided risk awareness training to all staff and reviewed its Risk Management Framework including its Risk Management Policy, guidelines and processes to reflect the changing nature and risk profile of the Harbour Trust's roles and functions.

Workplace Health and Safety

The Harbour Trust recognises its obligations under the *Work Health and Safety Act 2011*, related regulations and codes of practice.

Officers' and workers' awareness of work health and safety responsibilities improved in 2012-13 with the implementation of the WHS Management System to ensure compliance with the harmonised *Work Health and Safety Act 2011*. It provides comprehensive coverage of all responsibilities, accountabilities, policies and procedures for employees, contractors, management and volunteers working at the Harbour Trust.

A WHS Action Plan for 2013 was created. At the end of the current reporting period, 67% of the action items have been completed.

The Harbour Trust's Workplace Health & Safety Committee provides a key role of this system by discussing, consulting and monitoring workplace health and safety within the Harbour Trust.

Classification	Male	Female	Full-time	Part-time	Ongoing	Non-ongoing	Casual
Executive Director	1	0	1	0	0	1	0
Deputy Director	1	0	1	0	1	0	0
Senior Executive	4	4	8	0	3	6	0
EL2	3	3	5	1	3	2	0
EL1	4	6	10	0	2	8	0
L6	3	2	4	1	2	3	0
L5	4	6	9	1	2	8	0
L4	6	5	9	2	1	10	0
L3	3	3	4	2	0	6	0
L1-2	1	5	0	0	0	6	6
Total	30	34	51	7	14	50	6

WHS statistics

Table: WHS statistics 2011-12 & 2012-13

Hazards, Incidents, Injuries	2011-12	2012-13
Number of incidents and accidents reported	48	82
Number of hazards identified	0*	3
Number of lost time injuries	3	2

* This was not previously reported

These figures are for employees, contractors, volunteers and visitors at Harbour Trust sites.

The rise in incident and accident numbers is due to increased visitation and number of events occurring on Cockatoo Island.

Disability Action Plan

The Harbour Trust has implemented a Disability Action Plan 2013-15 ensuring that:

- our services to the community are accessible and that information about our services is provided in accessible formats
- people face no barriers to employment, including an obligation to provide reasonable adjustments during the selection process and to job descriptions and workplaces
- the Harbour Trust is proactive in ensuring our operations are free from discrimination
- there is an implementation plan in place that will be reported on annually

Judicial decisions and reviews by outside bodies

There were no judicial decisions or decisions of other administrative appeals tribunals that have had a significant impact on the operations of the Harbour Trust.

There were no reports on the operations of the Harbour Trust by the Auditor-General (other than the report on financial statements), or reports by a parliamentary committee.

Ministerial directions

There were no ministerial directions given to the Harbour Trust during the reporting period.

For the purposes of the *Commonwealth Authorities and Companies Act 1997* (paragraph 16 (1) (c)), the Harbour Trust provided a Compliance Report to the Minister and the Finance Minister for the reporting period.

5. Independent Audit Report

To the Minister for the Environment

I have audited the accompanying financial statements of Sydney Harbour Federation Trust (the “Trust”) for the year ended 30 June 2013, which comprise: the Statement by Members, Executive Director and Chief Financial Officer; the Balance Sheet as at 30 June 2013; the Statement of Comprehensive Income; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information. The consolidated entity comprises the Trust and the entities it controlled at the year’s end or from time to time during the financial year.

The Members’ Responsibility for the Financial Statements

The members of the Sydney Harbour Federation Trust are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister’s Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Sydney Harbour Federation Trust:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Sydney Harbour Federation Trust's and the consolidated entity's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Jocelyn Ashford
Executive Director
Delegate of the Auditor-General
Canberra
17 September 2013

6. Financial Statements

Table of Contents

50	Statement by Members, Executive Director and Chief Financial Officer
51	Statement of Comprehensive Income
52	Balance Sheet
53	Statement of Changes in Equity
54	Cash Flow Statement
55	Schedule of Commitments
56	Schedule of Contingencies
57	Notes to and forming part of the Financial Statements

Sydney Harbour Federation Trust Statement by Members, Executive Director and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997*, as amended.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Sydney Harbour Federation Trust will be able to pay its debts as and when they become due and payable.

This Statement is made in accordance with a resolution of the members.

Signed,



Anthea Tinney
Chairperson
16 September 2013



Geoff Bailey
Executive Director
16 September 2013



Susan Culverston
Chief Financial Officer
16 September 2013

Statement of Comprehensive Income

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
EXPENSES			
Employee benefits	3A	6,136	5,702
Supplier	3B	8,658	8,942
Depreciation and amortisation	3C	2,014	2,028
Write-down and impairment of assets	3D	274	12
Total expenses		17,082	16,684
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	2,667	2,047
Fees and fines	4B	164	158
Interest	4C	3,275	4,350
Rental income	4D	10,134	10,508
Other revenue	4E	891	877
Total own-source revenue		17,131	17,940
Gains			
Sale of assets	4E	-	5
Total gains		-	5
Total own-source income		17,131	17,945
Net (contribution by) services		(49)	(1,261)
Surplus		49	1,261
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
Total other comprehensive income		-	-
Total comprehensive income		49	1,261

The above statement should be read in conjunction with the accompanying notes.

6. Financial Statements

Balance Sheet

as at 30 June 2013

	Notes	2013 \$'000	2012 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	5A	7,241	13,785
Investments	5B	53,976	66,770
Trade and other receivables	5C	944	849
Total financial assets		62,161	81,404
Non-Financial Assets			
Land and buildings	6A	250,491	248,365
Infrastructure, plant and equipment	6B	14,123	12,202
Heritage and collections	6C	31,770	32,005
Intangibles	6E	105	87
Inventories	6F	118	54
Other non-financial assets	6G	293	159
Total non-financial assets		296,900	292,872
Total Assets		359,061	374,276
LIABILITIES			
Payables			
Suppliers	7A	2,402	2,904
Other payables	7B	3,881	3,530
Total payables		6,283	6,434
Provisions			
Employee provisions	8A	1,263	1,225
Other provisions	8B	19,642	34,793
Total provisions		20,905	36,018
Total Liabilities		27,188	42,452
Net Assets		331,873	331,824
EQUITY			
Contributed equity		257,735	257,735
Reserves	8C	64,349	60,149
Retained surplus		9,789	13,940
Total Equity		331,873	331,824

The above statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for the year ended 30 June 2013

	Retained Surplus		Asset Renewal Reserve		Asset Revaluation Reserve		Contributed Equity		Total Equity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Opening balance										
Balance carried forward from previous year	13,940	12,679	-	-	60,149	60,149	257,735	257,735	331,824	330,563
Adjustment for rounding errors prior year	-	-	-	-	-	-	-	-	-	-
Adjusted opening balance	13,940	12,679	-	-	60,149	60,149	257,735	257,735	331,824	330,563
Asset Renewal Reserve										
Transfer to/from Retained Surplus	(4,200)		4,200						-	-
Total asset renewal reserve	(4,200)	-	4,200	-	-	-	-	-	-	-
Comprehensive income										
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Surplus for the year	49	1,261	-	-	-	-	-	-	49	1,261
Total comprehensive income	49	1,261	-	-	-	-	-	-	49	1,261
Closing balance as at 30 June	9,789	13,940	4,200	-	60,149	60,149	257,735	257,735	331,873	331,824

The above statement should be read in conjunction with the accompanying notes.

6. Financial Statements

Cash Flow Statement

for the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and services rendered		3,194	2,820
Rent		11,278	11,625
Interest		244	737
Other		243	224
Total cash received		14,959	15,406
Cash used			
Employees		(6,184)	(5,667)
Suppliers		(8,941)	(8,070)
Net GST paid		(1,141)	(1,734)
Total cash used		(16,266)	(15,471)
Net cash (used by)/from operating activities	9	(1,307)	(65)
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of assets		-	5
Investments		126,610	157,583
Total cash received		126,610	157,588
Cash used			
Investments		(110,760)	(148,879)
Purchase of property, plant and equipment		(21,087)	(10,484)
Total cash used		(131,847)	(159,363)
Net cash used by investing activities		(5,237)	(1,775)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		-	6,000
Total cash received		-	6,000
Net cash from financing activities		-	6,000
Net increase (decrease) in cash held		(6,544)	4,160
Cash and cash equivalents at the beginning of the reporting period		13,785	9,625
Cash and cash equivalents at the end of the reporting period	5A	7,241	13,785

The above statement should be read in conjunction with the accompanying notes.

Schedule of Commitments

as at 30 June 2013

	Notes	2013 \$'000	2012
BY TYPE			
Commitments receivable			
Lease rental income ⁴		<u>(32,847)</u>	<u>(38,358)</u>
Total commitments receivable		<u>(32,847)</u>	<u>(38,358)</u>
Commitments payable			
Net GST Payable on commitments		<u>1,358</u>	<u>180</u>
Total net GST commitments payable		<u>1,358</u>	<u>180</u>
Capital commitments			
Project commitments ¹		<u>16,779</u>	<u>34,607</u>
Total capital commitments		<u>16,779</u>	<u>34,607</u>
Other commitments			
Operating leases ²		<u>8</u>	<u>42</u>
Other commitments ³		<u>1,151</u>	<u>1,784</u>
Total other commitments		<u>1,159</u>	<u>1,826</u>
Net commitments by type		<u>(13,551)</u>	<u>(1,745)</u>
BY MATURITY			
Other commitments receivable			
One year or less		<u>(6,070)</u>	<u>(6,937)</u>
From one to five years		<u>(10,981)</u>	<u>(12,919)</u>
Over five years		<u>(15,796)</u>	<u>(18,502)</u>
Total other commitments receivable⁴		<u>(32,847)</u>	<u>(38,358)</u>
Commitments payable			
Net GST commitments			
One year or less		<u>(1,076)</u>	<u>(2,676)</u>
From one to five years		<u>998</u>	<u>1,174</u>
Over five years		<u>1,436</u>	<u>1,682</u>
Total net GST commitments		<u>1,358</u>	<u>180</u>
Capital commitments			
One year or less		<u>16,779</u>	<u>23,000</u>
From one to five years		<u>-</u>	<u>11,607</u>
Total capital commitments		<u>16,779</u>	<u>34,607</u>
Operating lease commitments			
One year or less		<u>8</u>	<u>21</u>
From one to five years		<u>-</u>	<u>21</u>
Total operating lease commitments		<u>8</u>	<u>42</u>
Other commitments			
One year or less		<u>1,151</u>	<u>1,784</u>
Total other commitments		<u>1,151</u>	<u>1,784</u>
Net Commitments by Maturity		<u>(13,551)</u>	<u>(1,745)</u>

NB: Commitments are GST inclusive where relevant.

6. Financial Statements

Notes:

- ¹ Project commitments comprise contracts for rehabilitation and conservation works at Trust sites.
- ² Operating leases are motor vehicle leases. No contingent rentals exist.
- ³ Other commitments are amounts payable under supply contracts.
- ⁴ Commitments receivable consists of tenant lease payments due from the leasing of Trust buildings, plus GST receivable.

The above statement should be read in conjunction with the accompanying notes.

Schedule of Contingencies

as at 30 June 2013

There were no contingent assets or liabilities required to be disclosed as at 30 June 2013 (2012 - Nil).

Content of the Notes to the Financial Statements

- Note 1:** Summary of Significant Accounting Policies
- Note 2:** Events After the Reporting Period
- Note 3:** Expenses
- Note 4:** Income
- Note 5:** Financial Assets
- Note 6:** Non-Financial Assets
- Note 7:** Payables
- Note 8:** Provisions
- Note 9:** Cash Flow Reconciliation
- Note 10:** Members Remuneration
- Note 11:** Remuneration of Senior Executives
- Note 12:** Remuneration of Auditors
- Note 13:** Financial Instruments
- Note 14:** Reporting of Outcomes
- Note 15:** Sydney Harbour Conservancy

6. Financial Statements

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of Sydney Harbour Federation Trust (the "Trust" or "SHFT")

The Trust is an Australian Government controlled entity. The Trust is structured to meet one outcome:

Outcome 1: Enhanced appreciation and understanding of the natural and cultural values of Sydney for all visitors, through the remediation, conservation and adaptive re-use of, and access to, Trust lands on Sydney Harbour.

The continued existence of the Trust in its present form and with its present programs is dependent on Government policy.

1.2 Basis of Preparation of the Financial Statements

The financial statements are required by clause 1(b) of Schedule 1 to the *Commonwealth Authorities and Companies Act 1997* and are General Purpose Financial Statements.

The financial statements have been prepared in accordance with:

- a) Finance Minister's Orders (or FMOs) for reporting periods ending on or after 1 July 2011; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Accounting Standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the Trust or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an Accounting Standard.

Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Consolidation and associated company

The financial statements show information for the economic entity only; this reflects the consolidated results for the parent entity, the Sydney Harbour Federation Trust, and its wholly-owned controlled entity, Sydney Harbour Conservancy.

The results of the parent entity do not differ materially from the economic entity and have therefore not been separately disclosed. The Sydney Harbour Conservancy is a Trust for which the Sydney Harbour Conservancy Limited (company limited by guarantee) is Trustee (refer to Note 15 for further details).

The accounting policies of the Sydney Harbour Conservancy are consistent with those of the Trust and its assets, liabilities and results have been consolidated with the parent entity accounts in accordance with the Accounting Standards. All internal transactions and balances have been eliminated on consolidation.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Trust has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of land has been taken to be the market value of similar properties as determined by an independent valuer. Buildings have been valued using depreciable replacement cost and therefore the valuer has provided an estimate with respect to the replacement cost.
- A provision for decontamination works at HMAS Platypus has been reflected in the Trust's balance sheet. The value of the provision in the balance sheet is based on funds provided by the Department of Defence to complete the works. At the time of these statements the major remediation contract for stage 2 works still has 7 months to completion. The tender for remediation works to the wharf are currently being evaluated. Due to the nature of below ground remediation the full value of the works will not be known until a considerable part of the stage 2 works has been completed. The Trust is estimating that the full funding for the remediation provided by the Department of Defence will be required to complete the agreed remediation works.
- The provision held for doubtful debts is based on overdue receivables greater than 90 days where an arrears agreement has not been finalised or where it has been assessed that the debt is unlikely to be recovered.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next reporting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard. No new accounting standards, amendments to standards and interpretations issued by the Australian Accounting Standards Board that are applicable in the current period have had a material financial impact on the Trust.

Future Australian Accounting Standard Requirements

New standards, amendments to standards, and interpretations have been issued by the Australian Accounting Standards Board but are effective for future reporting periods. It is estimated that the impact of adopting these pronouncements, when effective, will have no material financial impact on future reporting periods.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- The risks and rewards of ownership have been transferred to the buyer;
- The authority retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Trust.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits associated with the transaction will flow to the Trust.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

Rental Income

Rental revenue for operating leases is recognised on a straight line basis over the term of the lease, except when an alternative basis is more representative of the pattern of service rendered through the provision of the leased premises. Lease incentives offered under operating leases are amortised on a straight line basis in the profit or loss.

1.6 Gains

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits due within twelve months of the reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting. The average sick leave taken in future years by employees of the Trust is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Trust's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Trust recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Certain employees of the Trust are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS Accumulation Plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

The Trust makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government.

Employer superannuation contributions for employees who are not members of the CSS or PSS are expensed in the financial statements. There is no residual liability in respect of these contributions. The Trust accounts for the contributions as if they were contributions to defined contribution plans.

6. Financial Statements

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.8 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

The Trust has no finance leases, and operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

1.9 Cash

Cash and cash equivalents include cash on hand and demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.10 Financial Assets

The Trust classifies its financial assets in the following categories:

- 'held to maturity investments'; and
- 'loans and receivables'.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon 'trade date'.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset, or, where appropriate, a shorter period.

Income from investments is recognised on an effective interest rate basis.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Trust has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. The Trust has no loans. Receivables are included in current assets. Receivables are measured at amortised cost using the effective interest method

less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at each reporting period.

Financial assets held at amortised cost -

if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.11 Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. Financial liabilities are recognised and derecognised upon trade date.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.12 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an existing liability or asset in respect of which settlement is not probable or the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.13 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor authority's accounts immediately prior to the restructuring.

1.14 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of infrastructure, plant and equipment are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition other than where they form part of a group of similar items which are significant in total.

Fair Value & Revaluations

Fair value for each class of asset equals the total of the most recent revalued amounts and capital expenditure at cost subsequent to the last valuation.

Fair values of each class of asset are determined as shown below:

Asset Class	Fair value measured at
Land	Market appraisal
Buildings exc. Leasehold improvements	Depreciated replacement cost
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Depreciated replacement cost
Heritage and cultural assets	Market appraisal

Following initial recognition at cost, infrastructure, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable infrastructure, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Trust using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2013	2012
Buildings on freehold land	10 to 125 years	10 to 125 years
Infrastructure	10 to 50 years	10 to 50 years
Plant and equipment	3 to 20 years	3 to 20 years

All heritage and cultural assets have indefinite useful lives and are not depreciated.

Certain buildings held by the Trust have been classified as Heritage assets. As there is no foreseeable limit to the period over which these assets will be held or used they are not depreciated. The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 3C.

Impairment

All assets were assessed for impairment at 30 June 2013. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Trust were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of infrastructure, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Heritage and Cultural Assets

The Trust owns and manages buildings, monuments and structures that have significant heritage and cultural value (with an aggregated fair value of \$31.770m (2012: \$32.005m)). The Trust has classified them as heritage and cultural assets as they were primarily used for purposes that relate to their cultural significance. The Trust has adopted appropriate curatorial and preservation policies for these heritage assets and the items are deemed to have indefinite useful lives and hence are not depreciated. The Trust's curatorial and preservation policies are publicly available within the Trust's Management Plans at http://www.harbourtrust.gov.au/planning-projects/strategic-plans#management_plans

Asset Renewal Reserve

The Trust established an asset renewal reserve in 2012-13 to set aside funds for the future asset renewal of its significant asset base. The Trust transferred \$4.2 million from its accumulated results to a general equity reserve account called "Asset

6. Financial Statements

Renewal Reserve” (see Statement of Changes in Equity). The asset renewal reserve will be supplemented at the end of each financial year by an amount equivalent to the minimum 100% of the annual depreciation expense, subject to a review of the asset renewal plans. The reserve funds will be drawn down to fund future major capital renewal works to Trust assets.

1.15 Intangibles

The Trust’s intangibles comprise software purchased externally for internal use. These assets are carried at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Trust’s software is 3 to 5 years (2011-12: 3 to 5 years).

All software assets were assessed for indications of impairment as at 30 June 2013.

1.16 Inventories

Inventories held for sale are valued at the lower of cost and net realisable value and consist of externally produced clothing, merchandise and publications.

Inventories acquired at no cost or nominal consideration are initially measured at current replacement cost at the date of acquisition.

1.17 Taxation

The Trust is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

Note 2: Events After the Reporting Period

Section 21 of the *Sydney Harbour Federation Trust Act 2001* provides for the Minister for Sustainability, Environment, Water, Population and Communities to specify that other harbour land that is a Commonwealth place is to vest in the Trust. As at the reporting date the Minister was proposing that Snapper Island vest in the Trust.

At the time of this report, vesting of Snapper Island had not occurred.

There are no other events that have occurred after the reporting period that would have an effect on the Trust’s 2012-13 financial statements other than those that are already reflected in the financial statements.

Note 3: Expenses

	2013	2012
	\$'000	\$'000
Note 3A: Employee benefits		
Wages and salaries	5,295	4,752
Superannuation	540	484
Leave and other entitlements	115	361
Separation and redundancies	175	81
Other employee costs	11	24
Total employee benefits	<u>6,136</u>	<u>5,702</u>
Note 3B: Suppliers		
Goods and services		
Corporate Overheads	1,128	951
Marketing, Programming & Events	2,109	3,022
Management of Environment	829	782
Site Maintenance & Planning	940	997
Security	676	696
Accommodation Management	615	518
Property Management	2,206	1,851
Total goods and services	<u>8,503</u>	<u>8,817</u>
Goods and services are made up of:		
Provision of goods – related entities	-	-
Provision of goods – external parties	944	740
Rendering of services – related entities	395	335
Rendering of services – external parties	7,164	7,742
Total goods and services	<u>8,503</u>	<u>8,817</u>
Other supplier expenses		
Operating lease rentals - external parties	35	33
Workers compensation premiums	120	92
Total other supplier expenses	<u>155</u>	<u>125</u>
Total supplier expenses	<u>8,658</u>	<u>8,942</u>

The Trust has provided resources free of charge to the Sydney Harbour Conservancy amounting to \$4,642 during the year ending 30 June 2013 (2012: \$4,246).

6. Financial Statements

Note 3: Expenses, continued

	2013 \$'000	2012 \$'000
Note 3C: Depreciation and amortisation		
Depreciation:	642	600
Infrastructure, plant and equipment	<u>1,292</u>	<u>1,290</u>
Buildings	<u>1,934</u>	<u>1,890</u>
<i>Total depreciation</i>		
Intangibles:		
Computer Software	33	37
Lease Incentives	<u>47</u>	<u>101</u>
<i>Total amortisation</i>	<u>80</u>	<u>138</u>
<i>Total depreciation and amortisation</i>	<u>2,014</u>	<u>2,028</u>
Note 3D: Write-down and impairment of assets		
Asset Write-Downs from impairment on financial assets	<u>274</u>	<u>12</u>
<i>Total write-down and impairment of assets</i>	<u>274</u>	<u>12</u>

The financial asset write-down is in relation to a provision for doubtful debts associated with the Trust's trade debtors.

Note 4: Income

	2013 \$'000	2012 \$'000
<i>Own-Source Revenue</i>		
Note 4A: Sale of goods and rendering of services		
Provision of goods - external parties	383	35
Rendering of services - external parties	<u>2,284</u>	<u>2,012</u>
Total sale of goods and rendering of services	<u>2,667</u>	<u>2,047</u>
Note 4B: Fees and fines		
Infringements	<u>164</u>	<u>158</u>
Total fees and fines	<u>164</u>	<u>158</u>
Note 4C: Interest		
Deposits	<u>3,275</u>	<u>4,350</u>
Total interest	<u>3,275</u>	<u>4,350</u>
Note 4D: Rental income		
Property rentals and short-term hire	<u>10,134</u>	<u>10,508</u>
Total rental income	<u>10,134</u>	<u>10,508</u>
Note 4E: Other revenue and Gains		
Fees, Sponsorship & Infrastructure contribution	843	653
Grants - DSEWPAC & NSW Department of Planning	<u>48</u>	<u>224</u>
Total other revenue	<u>891</u>	<u>877</u>
<i>Gains</i>		
Note 4E: Sale of assets		
Infrastructure, plant and equipment		
Proceeds from sale	-	5
Carrying value of assets sold	<u>-</u>	<u>-</u>
Net gain from sale of assets	<u>-</u>	<u>5</u>

6. Financial Statements

Note 5: Financial Assets

	2013 \$'000	2012 \$'000
Note 5A: Cash and cash equivalents		
Cash at bank	7,239	13,783
Cash on hand	2	2
Total cash	<u>7,241</u>	<u>13,785</u>
Note 5B: Investments		
Term Deposits	53,976	66,770
Total Investments	<u>53,976</u>	<u>66,770</u>

Cash at bank and investments include funding quarantined for the decontamination of HMAS Platypus (\$19.642m) and the sale of Markham Close properties (\$23.000m), as well as the Trust's ongoing capital works and capital renewal.

	2013 \$'000	2012 \$'000
Note 5C: Trade and other receivables		
Goods and Services		
Goods and services related entities	24	-
Goods and services external parties	656	469
Total receivables for goods and services	<u>680</u>	<u>469</u>
Other receivables		
GST receivable from the Australian Taxation Office	332	260
Interest receivable	17	42
Other receivables	213	107
Total other receivables	<u>562</u>	<u>409</u>
Total trade and other receivables (gross)	<u>1,242</u>	<u>878</u>
Less impairment allowance account:		
Goods and services	(247)	(5)
Fees and fines	(51)	(24)
Total trade and other receivables (net)	<u>944</u>	<u>849</u>

All receivables are expected to be recovered in no more than 12 months.

	2013 \$'000	2012 \$'000
Receivables are aged as follows:		
Not overdue	562	409
Overdue by:		
Less than 30 days	303	268
31 to 60 days	2	139
61 to 90 days	94	13
More than 90 days	281	49
Total trade and other receivables (gross)	<u>1,242</u>	<u>878</u>

The impairment allowance account is aged as follows:

Not overdue	-	-
Overdue by:		
Less than 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(298)	(29)
Total Impairment allowance account	<u>(298)</u>	<u>(29)</u>

Receivables for Goods & Services

Credit terms are net 30 days (2012: 30 days), except for sales of property which are due on settlement.

Reconciliation of the Impairment allowance account:

Movements in relation to 2013

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	(5)	(24)	(29)
Increase recognised in net surplus	<u>(242)</u>	<u>(27)</u>	<u>(269)</u>
Closing balance	<u>(247)</u>	<u>(51)</u>	<u>(298)</u>

Movements in relation to 2012

	Goods and services \$'000	Other receivables \$'000	Total \$'000
Opening balance	(5)	(15)	(20)
Increase recognised in net surplus	<u>-</u>	<u>(9)</u>	<u>(9)</u>
Closing balance	<u>(5)</u>	<u>(24)</u>	<u>(29)</u>

6. Financial Statements

Note 6: Non-Financial Assets

	2013 \$'000	2012 \$'000
Note 6A: Land and buildings		
Freehold land		
- at fair value	178,707	176,590
- work in progress	-	-
Total freehold land	<u>178,707</u>	<u>176,590</u>
Buildings on freehold land:		
- at fair value	75,513	74,212
- accumulated depreciation	<u>(3,729)</u>	<u>(2,437)</u>
Total buildings on freehold land	<u>71,784</u>	<u>71,775</u>
Total land and buildings	<u>250,491</u>	<u>248,365</u>

The Trust has completed the majority of decontamination works to its current sites. The cost of the remaining decontamination and remediation works has been taken into account in arriving at the fair values.

No land or buildings are expected to be sold or disposed of within the next 12 months.

Note 6B: Infrastructure, plant and equipment

Infrastructure, plant and equipment:		
- at cost	16,825	14,263
- work in progress	-	-
- accumulated depreciation	<u>(2,702)</u>	<u>(2,061)</u>
Total infrastructure, plant and equipment	<u>14,123</u>	<u>12,202</u>

No indicators of impairment were found for infrastructure, plant and equipment.

No infrastructure, plant and equipment is expected to be sold or disposed of within the next 12 months.

Note 6C: Heritage and collections

Heritage assets:		
- at fair value	31,770	32,005
- work in progress	-	-
Total heritage assets	<u>31,770</u>	<u>32,005</u>

No heritage assets or collections are expected to be sold or disposed of within the next 12 months.

In line with FMO guidance note 37.2 the Trust has reclassified commercially leased heritage structure assets from the heritage classification to the IP&E classification. This accounting policy change has been reflected as a \$0.374m reclassification transfer from heritage to infrastructure, plant & equipment.

Valuations were conducted by an independent valuer (Colliers International Consultancy and Valuation Pty Ltd) in 2010. Subsequent to this valuation the directors of the Trust deemed the valuation to be fair. The next independent valuation of the Trust's assets is scheduled for 30 June 2015.

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.

Note 6D: Analysis of infrastructure, plant, equipment and intangibles

TABLE A - Reconciliation of the opening and closing balances of infrastructure, plant, equipment and intangibles (2012 - 2013)

	Land	Buildings on Freehold Land	Total Land & Buildings	Infrastructure, Plant & Equipment	Heritage & Collections	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2012							
Gross book value	176,590	74,212	250,802	14,263	32,005	286	297,356
Accumulated depreciation/ amortisation	-	(2,437)	(2,437)	(2,061)	-	(199)	(4,697)
Net book value 1 July 2012	176,590	71,775	248,365	12,202	32,005	87	292,659
Additions:							
by purchase	2,117	1,301	3,418	2,188	139	52	5,797
Revaluations and impairments through equity			-				-
Reclassification	-	-	-	374	(374)	-	-
Depreciation/ amortisation expense	-	(1,292)	(1,292)	(641)	-	(34)	(1,967)
Net book value 30 June 2013	178,707	71,784	250,491	14,123	31,770	105	296,489
Net book value as of 30 June 2013 represented by:							
Gross book value	178,707	75,513	254,220	16,825	31,770	338	303,153
Accumulated depreciation/ amortisation	-	(3,729)	(3,729)	(2,702)	-	(233)	(6,664)
	178,707	71,784	250,491	14,123	31,770	105	296,489

6. Financial Statements

Note 6: Non-Financial Assets, continued

Note 6D: Analysis of infrastructure, plant, equipment and intangibles

TABLE A - Reconciliation of the opening and closing balances of infrastructure, plant, equipment and intangibles (2011 - 2012)

	Land	Buildings on Freehold Land	Total Land & Buildings	Infrastructure, Plant & Equipment	Heritage & Collections	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2011							
Gross book value	174,951	66,171	241,122	12,878	38,593	286	292,879
Accumulated depreciation/ amortisation	-	(1,147)	(1,147)	(1,461)	-	(162)	(2,770)
Net book value 1 July 2011	174,951	65,024	239,975	11,417	38,593	124	290,109
Additions:							
by purchase	1,639	311	1,950	1,385	1,142	-	4,477
Revaluations and impairments through equity			-				-
Reclassification	-	7,730	7,730	-	(7,730)	-	-
Depreciation/ amortisation expense	-	(1,290)	(1,290)	(600)	-	(37)	(1,927)
Net book value 30 June 2012	176,590	71,775	248,365	12,202	32,005	87	292,659
Net book value as of 30 June 2012 represented by:							
Gross book value	176,590	74,212	250,802	14,263	32,005	286	297,356
Accumulated depreciation/ amortisation	-	(2,437)	(2,437)	(2,061)	-	(199)	(4,697)
	176,590	74,212	248,365	12,202	32,005	87	292,659

	2013 \$'000	2012 \$'000
Note 6E: Intangible assets		
Computer software at cost:		
Externally developed – in use	<u>338</u>	<u>286</u>
Total computer software	<u>338</u>	<u>286</u>
Accumulated amortisation	<u>(233)</u>	<u>(199)</u>
Total intangibles	<u>105</u>	<u>87</u>

No intangibles are expected to be sold or disposed of within the next 12 months.
No indicators of impairment were found for intangible assets.

	2013 \$'000	2012 \$'000
Note 6F: Inventories		
Finished goods at cost	<u>118</u>	<u>54</u>
Total inventories	<u>118</u>	<u>54</u>

Note 6G: Other non-financial assets

Lease incentives	278	145
Prepayments	<u>15</u>	<u>14</u>
Total other non-financial assets	<u>293</u>	<u>159</u>
Other non-financial assets expected to be settled:		
No more than 12 months	118	99
More than 12 months	<u>175</u>	<u>60</u>
Total other non-financial assets	<u>293</u>	<u>159</u>

6. Financial Statements

Note 7: Payables

	2013	2012
	\$'000	\$'000
Note 7A: Suppliers		
Trade creditors	2,394	2,409
Contract retentions	8	495
Total supplier payables	<u>2,402</u>	<u>2,904</u>
Supplier payables expected to be settled within 12 months:		
External parties	2,393	2,825
Related entities	9	79
Total supplier payables	<u>2,402</u>	<u>2,904</u>
Settlement is usually made within 30 days.		
Note 7B: Other Payables		
Salaries and wages	198	148
Accrued expenses	138	97
Bonds and security deposits	530	430
Prepayments received	3,015	2,855
Total Other Payables	<u>3,881</u>	<u>3,530</u>
Other payables expected to be settled:		
No more than 12 months	1,501	1,055
More than 12 months	2,380	2,475
Total Other Payables	<u>3,881</u>	<u>3,530</u>

Note 8: Provisions

	2013 \$'000	2012 \$'000
Note 8A: Employee provisions		
Leave	<u>1,263</u>	<u>1,225</u>
Total employee provisions	<u>1,263</u>	<u>1,225</u>
Employee provisions are expected to be settled in:		
No more than 12 months	1,055	973
More than 12 months	<u>208</u>	<u>252</u>
Total employee provisions	<u>1,263</u>	<u>1,225</u>
Note 8B: Other provisions		
Provision for remediation - Platypus	<u>19,642</u>	<u>34,793</u>
Total other provisions	<u>19,642</u>	<u>34,793</u>
Other provisions are expected to be settled in:		
No more than 12 months	19,642	23,000
More than 12 months	<u>-</u>	<u>11,793</u>
Total other provisions	<u>19,642</u>	<u>34,793</u>

Movements in relation to 2013

	Provision for remediation \$'000	Total \$'000
Opening balance	34,793	34,793
Amounts used	<u>(15,151)</u>	<u>(15,151)</u>
Closing balance	<u>19,642</u>	<u>19,642</u>

In accordance with the Memorandum of Understanding between the Trust and the Department of Defence signed on 5 June 2009, the Trust is entitled to claim specific decontamination costs incurred by the Trust in relation to HMAS Platypus from the Department of Defence.

	2013 \$'000	2012 \$'000
Note 8C: Reserves		
Asset Renewal Reserve	4,200	-
Asset Revaluation Reserve	<u>60,149</u>	<u>60,149</u>
Total reserves	<u>64,349</u>	<u>60,149</u>

Movements in relation to 2013

	Asset Renewal Reserve \$'000	Asset Revaluation Reserve \$'000	Total \$'000
	-	60,149	60,149
	<u>4,200</u>	<u>-</u>	<u>4,200</u>
	<u>4,200</u>	<u>60,149</u>	<u>64,349</u>

6. Financial Statements

Note 9: Cash Flow Reconciliation

	2013	2012
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per		
Balance Sheet to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash Flow Statement	7,241	13,785
Balance Sheet	7,241	13,785
Difference	<u>-</u>	<u>-</u>
Reconciliation of net contribution of services to		
net cash from operating activities:		
Net contribution by services	49	1,261
Adjustments for non-cash items		
Depreciation /amortisation	2,014	2,028
Investment activity	(3,056)	(3,639)
Changes in assets/liabilities		
(Increase) / decrease in receivables	(95)	(134)
(Increase) / decrease in inventories	(64)	(3)
(Increase) / decrease in prepayments	(1)	(14)
Increase / (decrease) in employee provisions	38	164
Increase / (decrease) in employee payables	50	(5)
Increase / (decrease) in supplier payables	(502)	956
Increase / (decrease) in other provisions	-	(180)
Increase / (decrease) in security deposits	100	67
Increase / (decrease) in prepayments received	160	(566)
Net cash from / (used by) operating activities	<u>(1,307)</u>	<u>(65)</u>

Note 10: Members Remuneration

	2013	2012
The number of non-executive members of the Trust included in these figures are shown below in the relevant remuneration bands:		
less than \$30,000	6	5
\$30,000 - \$59,999	2	2
Total number of members of the Trust	8	7
Total remuneration received or due and receivable by members of the Trust	<u>\$161,135</u>	<u>\$176,351</u>

The Members of the Trust are appointed on a part-time basis under section 12 of the *Sydney Harbour Federation Trust Act 2001*.
The Members during the year were:

Ms A M Tinney (Chair) (appointed 24 May 2011, appointed Chair 6 December 2011)
Mr R K S Jeffs (appointed 24 May 2011, reappointed 24 May 2013)
Ms E M Heiss (appointed 24 May 2011, term expired 24 May 2012, reappointed 12 February 2013)
The Hon Leo McLeay (appointed 24 May 2011, reappointed 24 May 2013)
Mr P Lowry OAM (appointed 6 December 2011, term expired 5 March 2013, reappointed 17 June 2013)
Ms S Hook (appointed 6 December 2011, term expired 5 March 2013, reappointed 17 June 2013)
Ms P A Braxton-Smith (appointed 12 February 2013)
Ms J F Hay (appointed 25 June 2013)

There were no loans to members or related parties during the year.

6. Financial Statements

Note 11: Remuneration of Senior Executives

	2013 \$'000	2012 \$'000
Note 11A: Actual Remuneration Paid to Senior Executives		
Short-term employee benefits:		
Salary	1,199,192	1,182,430
Annual leave accrued	5,600	4,486
Performance bonuses	<u>31,614</u>	<u>37,085</u>
Total short-term employee benefits	<u>1,236,406</u>	<u>1,224,001</u>
Post-employment benefits:		
Superannuation	<u>150,317</u>	<u>142,874</u>
Total post-employment benefits	<u>150,317</u>	<u>142,874</u>
Other long-term benefits:		
Long-service leave	<u>17,416</u>	<u>62,469</u>
Total other long-term benefits	<u>17,416</u>	<u>62,469</u>
Total	<u>1,404,139</u>	<u>1,429,344</u>

Notes:

- Note 11A was prepared on an accruals basis (Therefore the performance bonus expense disclosed above may differ from the cash bonus paid in Note 11B).
- Note 11A excludes acting arrangements and part-year service where remuneration expensed for a senior executive was less than \$180,000.

Note 11B: Average Annual Reportable Remuneration Paid to Senior Executives During the Reporting Period

Average annualised remuneration packages for Senior Executives employed:

2013						
Average annual reportable remuneration ¹	Senior Executive No.	Reportable Salary ² \$	Contributed Superannuation ³ \$	Reportable Allowances ⁴ \$	Bonus Paid ⁵ \$	Total \$
Total remuneration (including part-time arrangements):						
less than \$180,000	4	137,991	15,908	-	-	153,899
\$180,000 - \$209,999	1	172,524	15,527	-	-	188,051
\$210,000 - \$239,999	1	193,905	35,030	-	-	228,935
\$240,000 - \$269,999	-	-	-	-	-	-
\$270,000 - \$299,999	1	254,921	36,127	-	31,614	322,662
Total	7					

2012						
Average annual reportable remuneration ¹	Senior Executive No.	Reportable Salary ² \$	Contributed Superannuation ³ \$	Reportable Allowances ⁴ \$	Bonus Paid ⁵ \$	Total \$
Total remuneration (including part-time arrangements):						
less than \$180,000	4	123,927	27,037	-	-	150,964
\$180,000 - \$209,999	-	-	-	-	-	-
\$210,000 - \$239,999	2	197,643	28,746	-	-	226,390
\$240,000 - \$269,999	-	-	-	-	-	-
\$270,000 - \$299,999	1	192,437	70,137	-	37,085	299,660
Total	7					

Notes:

- This table reports senior executives who received remuneration during the period. Each row is an averaged figure based on headcount for individuals in the band.
- Reportable salary¹ includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax benefits); and
 - exempt foreign employment income.
- The 'contributed superannuation' amount is the average actual superannuation contribution paid to senior executives in the reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
- Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.
- The Trust determined to remove the "at risk" performance pay component of the Executive Director's salary and roll a proportion of what he had been receiving into his gross salary. This decision was taken at the beginning of the financial year and this salary reflects the lag between the payment of last year's performance bonus which was paid this year. This performance bonus amount will not appear in next year's salary.

6. Financial Statements

Note 12: Remuneration of Auditors

	2013 \$'000	2012 \$'000
Remuneration to the Auditor-General for auditing the financial statements for the reporting period.		
Audit of financial statements	55	49
Assurance services - Grant audits	-	3
	<u>55</u>	<u>52</u>

No other financial services were provided by the auditors of the financial statements.

Note 13: Financial Instruments

	2013 \$'000	2012 \$'000
13A Categories of financial instruments		
Financial Assets		
Held to maturity		
Investments	53,976	66,770
Total	<u>53,976</u>	<u>66,770</u>
Loans and receivables		
Cash at bank	7,239	13,783
Cash on hand	2	2
Receivables for goods and services	680	469
Interest receivable	17	42
Other receivables	213	107
Total	<u>8,151</u>	<u>14,403</u>
Carrying amount of financial assets	<u>62,127</u>	<u>81,173</u>
Financial Liabilities		
At amortised cost		
Trade creditors	2,394	2,409
Contract Retentions	8	495
Salaries and wages	198	148
Accrued Expenses	138	97
Bonds and security deposits	530	430
Carrying amount of financial liabilities	<u>3,268</u>	<u>3,579</u>
13B Net income and expense from financial assets		
Held to maturity		
Interest revenue (see note 4C)	3,055	3,639
Net gain held to maturity	<u>3,055</u>	<u>3,639</u>
Loans and receivables		
Interest revenue (see note 4C)	220	711
Net gain loans and receivables	<u>220</u>	<u>711</u>
Net gain from financial assets	<u>3,275</u>	<u>4,350</u>

13C Net income and expense from financial liabilities

There was no net income or expense from financial liabilities for the year ended 30 June 2013 (2012 - Nil).

13D Fee income and expense

There was no fee income or expense arising from financial instruments for the year ended 30 June 2013 (2012 - Nil).

6. Financial Statements

Note 13: Financial Instruments, continued

13E Fair value of financial instruments

	Carrying amount	Fair value	Carrying amount	Fair value
	2013	2013	2012	2012
	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS				
Cash at bank	7,239	7,239	13,783	13,783
Cash on hand	2	2	2	2
Investments	53,976	53,976	66,770	66,770
Receivables for goods and services	680	680	469	469
Interest receivable	17	17	42	42
Other receivables	213	213	107	107
Total	62,127	62,217	81,173	81,173
FINANCIAL LIABILITIES				
Trade creditors	2,394	2,394	2,409	2,409
Contract retentions	8	8	495	495
Salaries and wages	198	198	148	148
Accrued expenses	138	138	97	97
Bonds and security deposits	530	530	430	430
Total	3,268	3,268	3,579	3,579

13F: Credit risk

The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables (2013: \$1,242,000 and 2012: \$878,000). The Trust has assessed the risk of the default on payment and has allocated \$298,000 in 2013 (2012: \$29,000) to an impairment allowance account.

The Trust manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Trust has policies and procedures that guide employees debt recovery techniques that are to be applied.

The Trust holds amounts on deposit and bank guarantees to mitigate against credit risk.

Credit quality of financial instruments not past due or individually determined as impaired:

	Not Past Due Nor Impaired		Past due or impaired	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash at bank	7,239	13,783	-	-
Cash on hand	2	2	-	-
Investments	53,976	66,770	-	-
Receivables for goods and services	-	-	680	469
Interest receivable	17	42	-	-
Other receivables	213	107	-	-
Total	61,447	80,704	680	469

Ageing of financial assets that are past due but not impaired for 2013

	0 to 30 days	31 to 60 days	61 to 90 days	90 + days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables for goods and services	303	2	94	281	680
Total	303	2	94	281	680

Ageing of financial assets that are past due but not impaired for 2012

	0 to 30 days	31 to 60 days	61 to 90 days	90 + days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables for goods and services	268	139	13	49	469
Total	268	139	13	49	469

6. Financial Statements

Note 13: Financial Instruments, continued

13G: Liquidity risk

The Trust's financial liabilities are payables and accruals.

The exposure to liquidity risk is based on the notion that the Trust will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The following tables illustrate the maturities for non-derivative financial liabilities:

30 June 2013	On demand	Within 1 year	1 to 5 years	> 5 years	Total
	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors	-	2,394	-	-	2,394
Contract retentions	-	8	-	-	8
Salaries and wages	-	198	-	-	198
Accrued expenses	-	138	-	-	138
Bonds and security deposits	-	530	-	-	530
Total	-	3,268	-	-	3,268

30 June 2012	On demand	Within 1 year	1 to 5 years	> 5 years	Total
	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade creditors	-	2,409	-	-	2,409
Contract retentions	-	495	-	-	495
Salaries and wages	-	148	-	-	148
Accrued expenses	-	97	-	-	97
Bonds and security deposits	-	430	-	-	430
Total	-	3,579	-	-	3,579

The Trust manages its budget to ensure it has adequate funds to meet payments as they fall due.

In addition, the Trust has policies in place to ensure timely payments are made when due and has no past experience of default.

The Trust had no derivative financial liabilities in either the current or prior year.

13H: Market risk

Market risk is defined as “the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices” and includes interest rate risk, currency risk and ‘other price risk’. The Trust is not exposed to ‘currency risk’ or ‘other price risk’.

The Trust holds basic financial instruments that are exposed to interest rate risk.

The Trust’s exposure to the risk of changes in market interest relates primarily to bank accounts with floating interest rates.

The table below demonstrates the interest rate sensitivity analysis of the Trust at the reporting date, holding all other variables constant. A 150 basis point change is deemed to be reasonably possible and is used when reporting interest rate risk.

At reporting date, if interest rates decreased/(increased) by 1.5%, with all other variables held constant, operating results and equity would have been:

Risk variable	Change in risk variable %	Effect on		Effect on		
		Profit and loss	Equity	Profit and loss	Equity	
		2013 \$'000	2013 \$'000	2012 \$'000	2012 \$'000	
Interest rate risk	Interest	+1.5	109	109	207	207
Interest rate risk	Interest	-1.5	(109)	(109)	(207)	(207)

6. Financial Statements

Note 14: Reporting of Outcomes

Note 14A Net Cost of Outcome Delivery

	Outcome 1		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Expenses	17,082	16,684	17,082	16,684
Income from non-government sector				
Activities subject to cost recovery	12,965	12,713	12,965	12,713
<i>Total costs recovered</i>	12,965	12,713	12,965	12,713
Other own-source income				
Interest	3,725	4,350	3,275	4,350
Other	891	882	891	882
<i>Total own-source income</i>	4,166	5,232	4,166	5,232
Net (contribution) of outcome delivery	(49)	(1,261)	(49)	(1,261)

The Trust has one outcome:

Enhanced appreciation and understanding of the natural and cultural values of Sydney for all visitors, through the remediation, conservation and adaptive re-use of, and access to, Trust lands on Sydney Harbour.

The net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

Outcome 1 is describe in Note 1.1.

Note 15: Sydney Harbour Conservancy

As disclosed at Note 1 “Consolidation and associated company”, The Sydney Harbour Conservancy (the “Conservancy”), a Trust for which the Sydney Harbour Conservancy Ltd is Trustee, was established on 10th December 2009 and is controlled by the Sydney Harbour Federation Trust.

The objectives of the Conservancy are to:

- Preserve the natural environmental value of the SHFT sites including activities such as weed and feral animal control, waste minimisation, revegetation of native flora, protection of native biodiversity, the conservation of habitat, soil stabilisation and erosion control;
- Encourage and promote enjoyment of recreation and activity within natural surrounds of SHFT sites;
- Recognise and appreciate the natural and historical significance of SHFT sites; and
- Provide information, education and research about the natural environment.

The financial position of the Conservancy (Gift Fund) is as follows:

	2013	2012
	\$	\$
Opening balance at 1 July	1,368	1,518
Revenue: Interest	-	-
Revenue: Donations	-	-
	<u>1,368</u>	<u>1,518</u>
Less expenses: Suppliers	<u>150</u>	<u>150</u>
Closing balance at 30 June	1,218	1,368
Represented by:		
Cash at bank	<u>1,218</u>	<u>1,368</u>
	1,218	1,368

Appendix 1

Freedom of information

The *Freedom of Information Act 1982* gives everyone access to documents Commonwealth agencies hold, subject to certain exemptions.

Document categories

- Administration matters including personnel and recruitment, accounts, purchasing and registers
- Planning, architecture and environmental matters including reports and studies commissioned by the Harbour Trust, research, drawings and concept proposals
- Minutes of meetings of the Harbour Trust and meetings of the community advisory committees
- Reference materials including press clippings, survey and research materials, documents relating to conferences and seminars
- Legal matters including legal documents, opinions, advice and representations

Information Publication Scheme

In accordance with the *Freedom of Information Act 1982* the Harbour Trust publishes information to the public as part of the Information Publication Scheme (IPS). This replaced the previous requirement to publish a Section 8 statement in an annual report. An agency plan showing the information the Harbour Trust has published under IPS requirements is available on the Harbour Trust's website.

For more on the Information Publication Scheme, visit the Office of the Australian Information Commissioner www.oaic.gov.au

Requests

Any person can lodge a request. A request for a document must be in writing and provide such information concerning the document requested as is reasonably necessary to enable the agency to identify the document. There is no application fee for an FOI request. There are no processing charges for requests for access to documents containing personal information about you. However, processing charges may apply to other requests. For more information visit: www.harbourtrust.gov.au/about/policies/freedom-information

Requests should be sent to:

Freedom of Information Officer
Sydney Harbour Federation Trust
PO Box 607
MOSMAN NSW 2088

Reporting

The Harbour Trust received two applications under the Act during the reporting period.

Appendix 2

Community Advisory Committee members

Cockatoo and Snapper Islands

Mr Peter Conroy
Clr Angelo Tsirekas
Mr Joe Glascott
Mr Tony Hardy
Mr James Morton
Mr Terry Ryan

Middle Head

Clr Peter Abelson
Ms Helena Claringbold
Commander Paul Doble
Mr Ian Henderson
Mr Stewart Reed
Ms Kate Eccles

North Head

The Hon. Mike Baird MP
Clr Kathy Griffin
Ms Judy Reizes
Mr Douglas Sewell
Mr Ian Freeman
Mr Walt Graham
Ms Sue Halmagyi
Brig Vince Williams (Ret'd)

Woolwich

Clr Justine McLaughlin
Mr Philip Jenkyn OAM
Ms Peta Lewis
Mr Austin Driscoll

Woollahra

Clr Greg Levenston
Mr Peter Poland
Mr Michael Rolfe
Dr Robin Derricourt

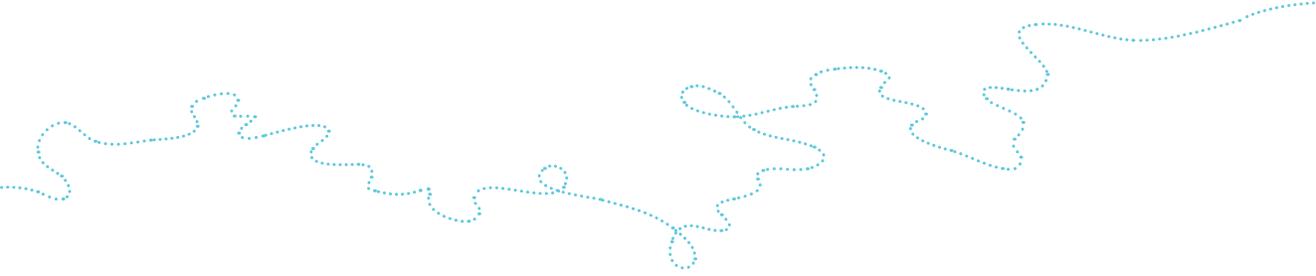
HMAS Platypus

The Hon. Joe Hockey MP
Mr Trent Zimmerman
Ms Penny Holloway
Ms Carole Baker
Mr Brian Evesson
Capt. Chris Skinner
Mr Denny Linker
Dr Zena O'Connor
Mr Oliver Irving
Ms Belinda York
Mr Neil Schafer
Mr Paul Forward
Ms Adrienne Sallay
Mr Ken Williams

Appendix 3

Maintenance, heritage conservation and environmental management projects

<i>All sites</i>	<ul style="list-style-type: none">Grounds maintenanceGeneral building maintenanceServices maintenanceFire systems maintenancePest managementSite security
<i>North Head Sanctuary, Manly (Former School of Artillery and North Fort, North Head)</i>	<ul style="list-style-type: none">Landscaping works to the main precinct including the parade ground and entryConstruction of and maintenance of walking tracksMaintenance to the housesRestoration of historic military equipment by the volunteersReplacement and upgrading of services including electricity, street lighting, water, fire services, telephone and sewer to the former School of Artillery and North FortPropagation and planting of local species by the NHSFBushfire hazard reduction including 4 ha burn for asset protection and biodiversity conservationContract bush regenerationFeral animal control program
<i>Chowder Bay</i>	<ul style="list-style-type: none">Ongoing external building maintenance on several historic Submarine Miners' Depot buildingsContract bush regenerationFeral animal control programBushfire hazard reduction
<i>Lower Georges Heights</i>	<ul style="list-style-type: none">Ongoing maintenance to the housesFeral animal control programBushfire hazard reduction
<i>Georges Heights</i>	<ul style="list-style-type: none">Internal and external refurbishment of Master Gunners CottageRemediation of the camouflaged fuel tanksConstruction of new walking tracksOngoing maintenance to the housesContract bush regenerationFeral animal control programBushfire hazard reduction



<i>Middle Head</i>	Excavation of the historic moat Refurbishment of the Middle Head cafe Contract bush regeneration Feral animal control program Bushfire hazard reduction
<i>Woolwich Dock</i>	Stabilisation works to cliff faces and crib retaining wall Remediation and construction of new parking area at LARC Park Contract bush regeneration Feral animal control program
<i>Cockatoo Island</i>	Stone conservation works to the former Superintendent's House, Biloela Removal of loose lead paint to a number of buildings Conservation and reconstruction of solitary cells Resurfacing of the convict courtyard Public safety works including stabilising of rock faces and walls, stabilising lead based paint and removing hazardous materials Restoration of historic machinery by volunteers Ongoing replacement and upgrading of services including electricity, water, fire services and telephone
<i>Snapper Island</i>	Basic external repairs including water and bird proofing of buildings
<i>Macquarie Lightstation</i>	Internal and external refurbishment of the townhouses Contract bush regeneration and maintenance
<i>Former Marine Biological Station</i>	No major works were carried out during the year
<i>Former HMAS Platypus</i>	Main soil remediation works continued on site

Compliance Index

Compliance

The table below shows this report's compliance with the Commonwealth Authorities (Annual Reporting) Orders 2011, issued by the Minister for Finance and Deregulation in September 2011.

It also meets the Requirement for Annual Report for Department, Executive Agencies and FMA Act Bodies, approved by the Joint Committee of Public Accounts and Audit under subsections 63(2) and 70(2) of the *Public Service Act 1999*, June 2008.

Letter of transmittal	1
Aids to access	
Table of contents	3
Compliance index	90
Alphabetical index	91-92
Contact officer	Inside Front Cover
Internet address for report	Inside Front Cover
Enabling legislation	9
Review of operations and future prospects	4-7, 42-47
Review of performance	14-47
Key activities and changes affecting the authority	4-47
Organisational overview	
Role and functions	8
Organisational structure	9
Trust members/Information about directors	10-13
Outcome and output structure	12
Corporate governance	
Members' meetings	44
Senior Management Committee	44
Fraud control	44
Indemnities and insurance	44
Financial performance	
Financial outcomes	45
Consultants and competitive tendering and contracting	45
Financial statements	50-85
External scrutiny	
Judicial decisions and reviews	47
Independent auditor's report	48-49
Human resources management	
Staffing	46
Staff training	46
Access and safety	46-47
Other	
Freedom of information	86
Responsible Minister	9
Ministerial Directions	47

Index

A

access and safety 46-47
accommodation 41
Audit, Risk and Compliance Committee 44
audit report 48-49
Australian Auxiliary Hospital (21st) 35
Australian Bronze Sculpture House, North Head 16, 40
Australian School of Pacific Administration (ASOPA) 6
Australia's Memorial Walk, North Head Sanctuary 6
awards 6

B

Bella Vista Café, North Head Sanctuary 16, 40
Biennale of Sydney 4, 6, 32, 35, 36
Biloela House 6, 18, 37
Board
- meetings 44
- members 4, 10-11, 13, 44
Brand 34
brand identity 6, 32, 34
bushfire risk management 21
bushland management 21
business development 40
business program 12

C

camouflaged fuel tanks 6, 18
carbon footprint 30
Chair, forward 4
Chowder Bay 17, 18, 21, 44
Chronometer sound installation, Georges Heights 32, 35, 36

Cockatoo Island 4, 6, 18-20, 21, 25, 27, 32, 34, 35, 36, 38, 40, 45, 47
- accommodation 41
- Biennale of Sydney 4, 6, 32, 35, 36
- Biloela House 6, 18, 37
- brand identity 32
- convict courtyard 19
- convict solitary cells 19
- education program 32, 36
- film festival 6, 32, 35, 36
- food and beverage 40
- Marine Centre 20, 22, 40
- marine facilities 6
- marketing 34
- Outpost street art event 6, 7
- Red Bull X-Fighters 2012 International Motocross Series Grand Final 6, 22, 32, 35
- Underbelly Arts Festival 4, 6
- visitation numbers 6
- volunteers 19
- wayfinding 34

Cockatoo Island Film Festival 6, 32, 35, 36
Cockatoo Island Marine Centre 20, 22, 40
Commonwealth Authorities and Companies Act 1997 1, 47

Commonwealth Procurement Rules 44
communications 35-36
Community Advisory Committee 22, 44, 87
community consultation 22
Comprehensive Plan (Harbour Trust) 14, 22, 24
consultants 45
contracting 45
corporate governance 44
corporate partnerships 32
crossfit gym, North Head 16, 40
cultural partnerships 32

D

defensive moat 6, 18
Disability Action Plan 47

E

e-news 36
ecologically sustainable development 24
employees 46
energy consumption 25-26
Energy Saver Review 24, 25
Environment Protection and Biodiversity Conservation Act 1999 22
environmental assessments 22
environmental performance 24-30
executive director 9, 44

F

financial performance 4, 6, 45
financial statements 50-85
financial summary 45
food and beverage 40
former School of Artillery 16
fraud control 44
Frenchy's Café, Lower Georges Heights 17, 40
Freedom of information 86
Freedom of Information Act 1982 86
Fuel consumption 27
functions 9

G

George Raper Walk 18
Georges Head 22, 32, 36
Georges Heights 17, 21, 35, 36, 40
Global Reporting Initiative indicators 24
Greenfleet 24, 27, 30
greenhouse gas emissions target 30
GreenPower 24, 26, 30
guided tours 37
Gunner's Barracks, Headland Park 17

H

Headland Montessori childcare centre, North Head 16, 40
Headland Park, Mosman 17, 21, 22, 37
HMAS Platypus Remediation Project 6, 20-21
human resources 46

I

Indemnities 44
Insurance 44

J

Judicial decisions and reviews by outside bodies 47

L

landscape maintenance 17, 21
LARC Park, Woolwich 18, 44
leasing 40
legislation 9
Lighting Guide 26

M

Macquarie Lightstation, Vacluse 20, 37, 41, 44
management plans 22
map of sites 9
Margaret St parking area, Woolwich 18
Marine Biological Station, Watsons Bay 20, 37
marketing 32, 34
media 32, 35
media licensing profile 40
Middle Head 6, 17, 40, 44
Middle Head Kiosk 17, 40
Minister for Sustainability, Environment, Water, Population and Communities 4, 9
ministerial directions 47
Morts Dock and Engineering Company 18

N

native fauna management 21
NSW Governor Professor Marie Bashir 6
NSW Office of Environment and Heritage (OEH) 21, 25
North Fort 6, 16, 37
North Head Sanctuary 4, 6, 16-17, 21, 25, 32, 34, 36, 37, 40, 45
North Head Sanctuary Foundation 17
North Head Sanctuary Foundation Nursery 36

O

objectives 8
operations 42-47
organisational structure 9
outcomes 12
Outpost street art event 6, 7
output structure 12

P

Parliamentary Secretary responsible for the Sydney Harbour Federation Trust 4
Performance indicators
- environmental assessments 22
- environmental performance 24
- financial sustainability 38
- planning, land restoration and maintenance 14
- public awareness, appreciation and enjoyment 33

pest fauna management 21
programming 36
publications 35
public programs 33
purchasing 44-45

R

rangers 37
Red Bull X-Fighters 2012 International Motocross Series Grand Final 6, 22, 32, 35
residential property portfolio 41
revegetation 21
risk assessment and management 46

S

sites 9, 16-21
Sergeants' Mess, North Head 16, 40
Sharing Sydney Harbour Access Program (SSHAP) 16, 18
Snapper Island 20
social media 32, 35, 36
staff learning and development 46
staffing 46
Sydney Festival 32, 35, 36
Sydney Harbour Federation Trust Act 2001 1, 9, 37, 46
Sydney Harbour National Park 16
Sydney Institute of Marine Science 17, 18
Sydney Regional Fox Control Program 21

T

tenants 4, 6, 16, 17, 40
Tender Review Committee 14, 44
tendering 45
The Hospital on the Hill 35
Thiess Services Pty Ltd 21

U

Underbelly Arts Festival 4, 6

V

venue hire 40, 41
vision 8
volunteers 4, 19, 21, 36-37

W

walking tracks 4, 6, 16, 17, 21
waste generation 29
waste recycling 29
water consumption 28
wayfinding and signage 4, 18, 34
websites 32, 35, 36
Work Health and Safety Act 2011 46
Workplace health and safety 46-47
Workplace Health and Safety Committee 36, 46
Woolwich Dock and Parklands 18, 21



